The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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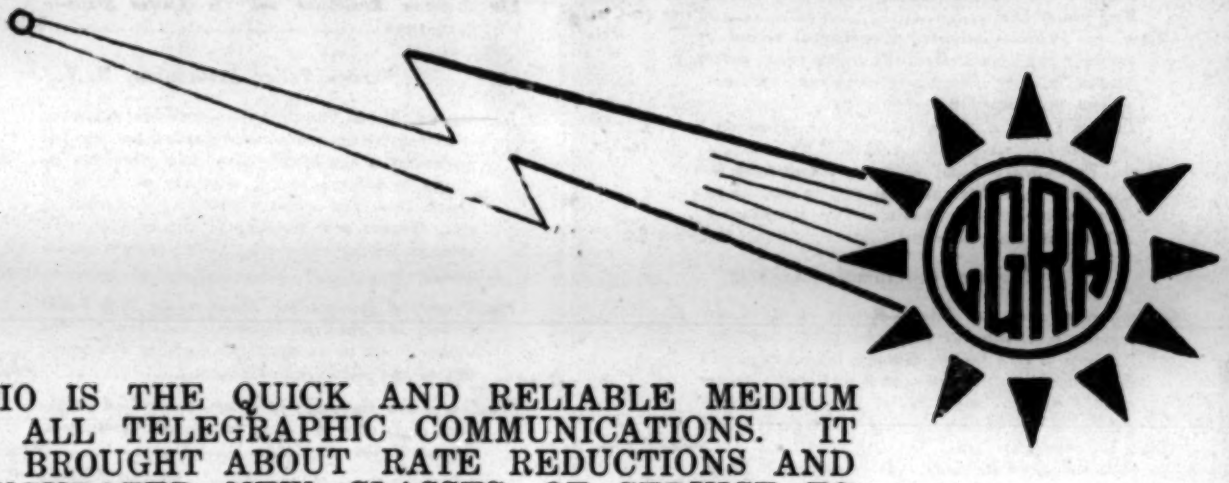

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WASHINGTON OFFICE
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Colorado Building, Washington, D. C.

WANTED ONCE MORE—A FOREIGN MINISTER

General Chen Ming-shu, vice-president of the Executive Yuan and concurrently Minister of Communications, has been mentioned for the post of Minister of Foreign Affairs in succession to Mr. Eugene Chen. General Chen, who is 43 years of age, was formerly governor of Kwangtung, and until recently was commander of the Shanghai-Nanking garrison. For the present vice-Minister Kan Chien-hou is in charge of the Foreign Affairs Office.

FOR the third time within four months China is without a Foreign Minister, the latest incumbent, Mr. Eugene Chen having resigned during the week. Mr. Chen, in a statement issued through the *Kuo Min* agency, January 25, gave as the reason for his resignation his opposition to the passive resistance policy of General Chiang Kai-shek in relation to the Japanese situation. In passing, it may be mentioned, that Mr. Chen has also been attacked by Chinese rivals on the score that he had himself been playing into the hands of the Japanese. As mentioned previously, Mr. Eugene Chen had gained high prestige by his expert handling of the situation at Hankow several years ago when he conducted the negotiations for the retrocession of the British Concession. He has, however, in his present position not been able to live up to his past reputation, principally because the situation has been quite different. He has at present not had a united popular movement behind him to enforce his scintillating rhetoric. He had in the intervening period, particularly shortly after his return to China during last year, also made the mistake of using his biting sarcasm and vitriolic metaphor in quite uncalled for attacks on some of China's ablest statesmen. Not only did this alienate from him the large majority of China's fair-minded citizens, but it invited from others who can wield equally trenchant pens attacks which were just as strong as he had made, and in some respects more convincing.

To be Foreign Minister in China at present is a most unenviable and unthankful task. Undoubtedly the most capable Foreign Minister that China has ever had was Dr. C. T. Wang, who was quietly, persistently and successfully conducting China's foreign affairs in a manner that historians of the future will point to with admiration. Yet the capable Dr. Wang was repeatedly being made the victim of stabs in the back from his fellow countrymen, some of them in high posi-

tions. The Chinese students, always patriotic but frequently misguided, allowed themselves to be made the tools of designing demagogues and, not satisfied with their inflammatory rhetorical fulminations, they eventually went so far as to stage a physical attack under circumstances which reflected little credit upon them. The students were successful in getting rid of Dr. Wang, who had so capably filled the post for several years, only to bring chaos into the post of Foreign Minister ever since. The Chinese students made the mistake of interfering with the chief fireman when the house was on fire and thus making the conflagration worse.

COMPRADORE ORDERS STILL PERSIST

IT is quite some time since that the Shanghai banks gave notice that they would not accept compradore orders for deposit, and undoubtedly this decision of the banks was a wise one. Shanghai is now blessed—some people will say, cursed—with more banks per capita than any business community on earth. They are here of all nationalities, political shades, and trades, from those with millions of capital down to the little affairs whose principal stock in trade is a plentiful supply of "coppers," silver dollars, and bank notes, a fair sprinkling of which are counterfeit. One and all are intent in the first place on making a profit out of "exchange," and no other community on earth offers such opportunities. With a constantly fluctuating exchange, between coppers, subsidiary coinage, silver dollars, taels of many varieties, and dozens of foreign currencies, now all the more "jumpy" as many are only nominally on a gold basis, the gamut of exchange operations can be played in thousands of directions. The silver subsidiary coinage is debased, the bank notes, although issued by the same banking institutions are discounted if issued from another port, and neither banker nor merchant expects to exchange any one or the other of these dozens of different varieties of money without making a profit on the operation. Such a common operation as getting change for a five dollar note and not losing anything thereby as happens every second in the United States, is an impossible occurrence here in Shanghai or in any other part of China. The so-called cents are worth less than half a cent, the so-called ten cent pieces are worth less than nine cents, and to make change here involves an operation in higher mathematics—and has to be paid for accordingly.

With this introduction for the benefit of readers abroad, we will give a definition of the word compradore. It is a word which in the Latin languages means "one who buys." Here in China it is used to designate the Chinese factotum in every foreign business house who handles the firm's relations with its Chinese customers. He buys and sells on behalf of his foreign principals, frequently is held responsible for the firm's Chinese clients, and acts in many instances as the cashier for his employers. Ever since the introduction of Western business into China it has been the custom for the foreign firm to issue compradore orders—that is, orders on the compradore to pay certain sums. In other words, the compradore was playing the role of banker to the firm. Up until a few years ago these compradore orders were accepted by the banks for deposit and as a result the banks had to employ dozens of runners, whose business it was to collect the money for these orders from the various compradores. Naturally enough, in due course, the banks got tired of this sort of thing and gave notice that they would not accept such compradore orders. With all the banking facilities at the public's disposal there was no reason for the banks to patronize an insitution which competed with them. Yet, despite the fact that such compradore orders have no real currency, it is surprising that many firms still issue them, apparently to please their Chinese staff, as the cashing of these orders usually brings in a small profit to the compradore office. Some foreign firms have the audacity to continue to issue such compradore orders, yet refuse to accept similar orders in payment of accounts due to them! Among those who still stick to the antiquated compradore system are the auction firms. The compradore order ought to be made to go the way of the queue at the earliest possible date.

THE "OPEN DOOR" IN MANCHURIA

A CORRESPONDENT, signing himself "Observer" wrote to the *North China Daily News*, Shanghai, January 22, giving specific examples which give the lie to the repeated assertion of the Japanese that they are observing the "Open Door" in Manchuria. Each and every Chinese industry in the area occupied by the Japanese Army which has shown any signs of making a profit has been taken over by the Japanese. Banks cannot pay out a cent except at the express orders of their Japanese masters. The coal mines are absolutely under the thumb of the Japanese. By the time the League of Nations investigating commission will have arrived nearly all title deeds to property, land and houses, coal mines, business enteprises, banks, etc. will have been transferred to the Japanese, mostly through forced sales. The South Manchuria Railway squeezes non-Japanese enterprises by giving secret rebates. Chinese coal mines have never been able to export their coal to seaboard over the S. M. R. and are told that no freight cars are available. In this way, the Chinese mines will be bottled up till the Japanese can buy them over cheaply. The Japanese have a very efficiently controlled business tax which is retrospective for five years. Should they think a foreign concern is making money, they immediately demand the production of all books for the previous five years and they never fail to prove that the foreign concern has to pay another sum of money in the shape of this business tax plus interest, at a yearly rate fixed by themselves.

Yes the door is open in Manchuria, but only for Japanese!

Once More, Japan, Beware!—Hands Off Shanghai!

SOME time ago *The Review* printed a short editorial, entitled "Beware Japan, Hands Off Shanghai!" We feel that it is *apropos* once more to write in the same strain, as there is a certain similarity between recent Japanese riots in Tsingtao and in Shanghai, and probably back in the cranium of the average Japanese individual in Shanghai an idea is floating about that the eventual results of mob demonstrations will be to bring about Japanese domination of this city, particularly the foreign-administered part of it. We take the liberty, therefore, of pointing out the reasons why we believe such will not be the case. It will be recalled that several weeks ago a Japanese mob at Tsingtao wreaked its vengeance on the headquarters of the local Kuomintang and also on its newspaper, the *Ming Kuo Yih Pao* (*Republican Daily News*), and set fire to both premises. Thus the Japanese community at Tsingtao had the satisfaction of seeing that by terroristic methods it was able to make the Kuomintang stop functioning and also prevent its newspaper from continuing to publish. The Kuomintang at Tsingtao has actually paid off its employees and closed up shop for the time being. It is also announced that publication of its newspaper has been suspended indefinitely. There is considerable indication that so far as the Tsingtao incident was concerned it had the approval of the Japanese authorities, particularly of the Naval authorities. The Kuomintang organ had, it is to be admitted, made a very indiscreet reference to the attempt made a short time previously on the life of the Japanese Emperor. As a matter of fact the Shanghai Kuomintang newspaper of the same name simultaneously made a similar indiscreet reference to the unsuccessful attack on the Japanese Emperor. Here no mob took any action in regard to this incident, the matter, at the outset, having been left for adjustment between the Japanese and Chinese authorities. However, the tension that exists between the large Japanese community here and the Chinese has resulted in a number of serious fracases, one of the most serious being last week, when early in the morning before daylight, on January 20 a Japanese mob set fire to a Chinese towel factory near the Settlement border, in the same neighborhood where several days previously several Chinese monks had been severely beaten by a Chinese mob. Just what the circumstances were under which the monks were attacked is not quite clear, but in view of the fact that recently a party of monks marched through the streets of Harbin, apparently for the purpose of "consecrating" that city to the Japanese Emperor, public appearances of Japanese monks are naturally open to suspicion in Chinese minds. The setting fire to the Chinese towel factory was, from all appearances, revenge on the part of a Japanese mob for the attack which had previously been made on the Japanese monks by a Chinese mob. This early morning fracas resulted in a Chinese constable belonging to the Shanghai Municipal Police force being stabbed, so that he died shortly afterwards, a Japanese civilian being shot dead, apparently by a Chinese policeman, and several others, both Chinese constables and Japanese civilians, being very severely injured. One of the Japanese monks later succumbed, and his funeral was made a great event by the Japanese in Shanghai. This early morning rumpus led to another Japanese mob demonstration later in the day. This second Japanese mob was venting its indignation at the Japanese Consular authorities who had suggested to them that they leave the matter of the settlement of the affair in their hands. This mob made a noisy demonstration through North Szechuen road, wreaking destruction as it went, and when members of the Municipal Police, of which a British sergeant was in charge, attempted to disperse the Japanese, the latter made an attack on the police, the British Police officer being among those hurt. The rioters stated that they were on their way to visit the commander of the local naval detachment with a view to inducing him to take some action for their protection.

Now, let it be stated at once that, so far, the Japanese authorities here have acted with commendable forbearance, but in view of the fact that a high naval authority in Japan made an indiscreet speech a few months ago in which he stressed the necessity for occupying Shanghai in case disturbances broke out here we feel that a few points in this connection ought to be discussed. Well on to a decade ago that very capable international observer, Mr. Isaac Marcosson, wrote a series of articles for the *Saturday Evening Post* (Philadelphia, U.S.A.) pointing out that industrially Shanghai was rapidly becoming a Japanese city, the particular reference being to the cotton mill industry. The strength of the Japanese in Shanghai, or at least an outward sign designed to emphasize it, occurred about a decade ago when a solid phalanx of Japanese ratepayers marched as one man up the municipal auditorum to deposit their vote on a matter which touched the interests of the Japanese community as a whole. For the Japanese to get administrative control of Shanghai would be a "plum," beside which Mukden would fade into relative unimportance. *The Review* considers it good advice both to the Japanese and the Chinese communities to avoid at all costs incidents which are likely to call for outside intervention. The Chinese community is naturally anxious to secure rendition of the settlement of Shanghai, as well as all other concessions and settlements, although just at the moment the agitation to this end has been soft-pedalled by the Chinese in view of matters of greater importance requiring their attention. In fact, one of the matters which the Chinese might do well to consider at the present time is whether they would rather have the settlement of Shanghai under international control or purely under Japanese suzerainty. The latter is not a probability, but still sufficiently within the realm of practical political possibilities to make it a matter for the Chinese community to think about. This is not said, by any means, to encourage the Japanese authorities either to allow, or to foment, incidents which would give them an excuse to attempt to do here what they have done in Manchuria, in connection with which it is always to be remembered that the Japanese slogan constantly reiterated is that Japan should not allow any interference from any third party. As a matter of fact *The Review* is of opinion that if Japan were to attempt, no matter what the provocation, to take advantage of the fact that, of all Powers of the world it is in the

best position to place a preponderance of forces in the Shanghai area, with a view of dominating the situation and gradually seizing full control, it is just here where it would meet its Waterloo. The other nations of the world may look with a certain amount of complacency upon the pillage of Manchuria by the Japanese, as, after all the commercial interests of the other powers are not of relatively great magnitude there. But here in Shanghai the case is quite different. The economic ramifications of Shanghai extend to the ends of the earth and the attempt of any one power to seize control at the expense of others would undoubtedly call forth the united intervention of the other nations of the world, and a not impossible result would be that not only would Japan fail to hold Shanghai but, more than likely, the other nations, seeing that they had been put to the trouble and expense of protecting their interests in Shanghai, would end up by doing a complete job of it and force Japan out of Manchuria also.

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On the afternoon of January 21 Rear Admiral Shiosawa, commander of the First Fleet of the Japanese Navy in Chinese waters, sent an ultimatum to the Mayor of Greater Shanghai demanding an immediate and satisfactory reply to a protest which had previously been lodged by the Japanese Consul General with the local Chinese authorities over the continuance of anti-Japanese agitation and the attack on five Japanese priests in the beginning of the week. The demands submitted by Consul General K. Murai to Mayor Wu asked: (1) An apology for injuries inflicted by a Chinese mob upon the priests of the Nichiren sect; (2) immediate arrest and punishment of the assailants; (3) payment of solatium and expenses for medical treatment to the victims; (4) thorough-going control over the anti-Japanese movement; and (5) immediate dissolution of all anti-Japanese organizations engaged in fostering hostile feelings against the Japanese. The ultimatum from the Japanese Admiral was given point to by the landing of 500 fully armed marines, in complete field-service order, at the Nippon Yusen Kaisha's Wayside Wharf in the International Settlement on the afternoon of January 23 from the Japanese crusier *Oi*, which had arrived from Japan a few hours previously, together with an airplane carrier and four destroyers. According to a telegram from Washington word had been received there from the U. S. Consul General in Shanghai, Mr. E. S. Cunningham, that Admiral Shiosawa had agreed to take no action in the International Settlement without first consulting with the authorities of the Shanghai Municipal Council. The Japanese Consul General in Shanghai, and Mr. Fukushima, a Japanese member of the Shanghai Municipal Council, called upon Brig.-Gen. E.B. Macnaghten, the Chairman of the Council, January 21, and expressed their regrets for the Japanese part in the disturbances at the Japanese towel factory, above referred to, in the course of which a Chinese member of the Municipal police force had lost his life.

That the Chinese authorities should apologize for the attack on the Japanese priests and that the editor of the Shanghai *Kuo Min Yih Pao* (*Republican Daily News*) should unqualifiedly apologize for saying, as it did, that the attack made several weeks ago on the Japanese Emperor, was "unfortunately" unsuccessful, are matters that are self-evident. In such matters the Japanese are punctilious, and, as above stated, the Japanese Consul General has already apologized to the Chairman of the Shanghai Municipal Council for the unruly Japanese mob which killed a Chinese policeman belonging to the Municipal service. But where the Japanese are up against a blind alley is in making a demand that the Chinese shall stop boycotting Japanese goods. The Japanese demand doesn't put it in just those words, but that is what the Japanese demand amounts to. The boycott is China's principal weapon and any attempt of the Japanese by force to prevent the Chinese from carrying on boycott activities is bound to end in failure. The most the Japanese can hope to accomplish is to prevent the illegal seizures of goods alleged to be Japanese by bands of Chinese who claim to be actuated by patriotic motives, and who in some instances were so actuated, and in others undoubtedly were racketeers under the cloak of patriotism. The Chinese courts in the Settlement aggravated the situation in decisions which undoubledly encouraged such racketeering.

The Japanese, having inflicted one wrong after another against the Chinese, are now trying by force to prevent the Chinese from invoking the most powerful weapon they have, namely the boycott. In the business world, there is much of the dog-eat-dog nature, and not a few business men of other nationalities have no objection to seeing the boycott against the Japanese continue for years. The Japanese, in their attempts, to enforce a cessation of the boycott against them, will, for one thing, have the united opposition of the business men of all western nations against them, and Shanghai western business men have sufficiently strong affiliations in political circles at home to influence international political action. That is one reason why the Japanese attempt to stop the boycott by force will fail, quite apart from the fact that the time is past when business can be made to pay at the cannon's mouth.

The Japanese attitude has been neatly portrayed by the German daily newspaper at Tientsin (strange to say the German community at Shanghai does not support even a weekly paper) which has drawn a parallel from German history. The German editor at Tientsin relates how the dandified Soldier-King Frederick William I was one day walking behind a Jew, who, fearing the King, hastened ahead and tried to get out of the way of the King. Frederick's feelings were, however, injured and he hastened up to the Jew and gave him a resounding whack over the shoulder with his walking stick, at the same time shouting out lustily, "He must love me!" That, says this German editor, is what the Japanese are trying to do with the Chinese. They are giving the Chinese whacks on the shoulder, at the same time insisting that the Chinese shall love them.

It has been mentioned in this article already that the Japanese chauvinists, if they are not careful, are likely to meet their Waterloo in Shanghai. Openly of course the Japanese are not likely to make any move to dominate affairs in the International Settlement—not at the

moment. However, the Japanese Admiral here has already begun to make a puppet of the Shanghai Municipal Council just as the Japanese army authorities are doing with the Chinese officials in Manchuria; for example, on Jan. 19 the Japanese Admiral informed the Council that if it did close down the offending Kuomintang newspaper he would do it himself, well knowing that the Council had no legal power to do so. Thereupon the Municipal Police visited the Kuomintang newspaper office, and eventually induced the editor to close up shop on his own accord. But the present indications are that the Chinese are wise enough to see that the Japanese are likely eventually to put their foot in it here in Shanghai, and they are shaping their political, and also military action, accordingly. Interviewed at Nanking, Mr. Wang Ching-wei stated that if the Japanese attempted to capture Shanghai the Chinese troops would be compelled to take measures of self-defense and resist. The Shanghai Garrison Commander has given instructions for all strategic points in districts surrounding Shanghai to be barricaded. Trenches are being dug in various localities. Barbed wire entanglements are being prepared and sandbag redoubts are hastily being erected in many locations. At Chenju, where the Chinese Government radio station is located, a large force of Chinese troops has been stationed, and there has been a general movement during the last few days of the best troops at Nanking down the railway to the Shanghai area.

The Japanese continued to send further naval forces to Shanghai during the week, mostly destroyers which had been held in readiness at Sasebo base since last week. Telegrams from Washington indicated that a grave view concerning the repercussions in the United States to the landing of Japanese forces in Shanghai was taken by the special correspondents at the American capital. The New York *Times'* correspondent declared that the impression prevailed in Washington that the United States is considering strong action separately from, or jointly with, Great Britain. The Washington correspondent of the New York *Herald-Tribune* said there was every prospect that a strong protest would be raised if the Japanese moved within the Foreign Settlement at Shanghai. An Administration spokesman had given an inferential warning that Japanese military action within the Settlement would be unwarranted and inexcusable. In the meantime the senior naval officer in Shanghai is Admiral Shiosawa, a situation which is embarrassing all round, and moves are being made by both the British and American governments to have brought here naval officers of higher rank. Present indications are that Admiral Taylor from Manila and Admiral Sir Howard Kelly from Hongkong will arrive in Shanghai in the very near future. Admiral Taylor, the commander of the U. S. Asiatic Fleet, is now aboard his flagship, the U. S. S. *Houston*, a cruiser, at Manila, and, according to a *United Press* telegram, has been given wide discretionary powers, and may move his ships as he deems fit without prior consultation with the Navy Department. He has in the meantime ordered the destroyer *Borie* to proceed to Shanghai from Manila, another destroyer, the *McCormick* being headed for Foochow.

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The following is the text of a Rengo telegram from Tokyo, January 25:

Mayor Wu Tieh-cheng of Shanghai has accepted three of the four Japanese demands, but he replied that the dissolution of the Anti-Japanese and National Salvation Society as demanded by Japan could not be agreed upon.

The Japanese Government, however, has decided to insist on the dissolution of the Anti-Japanese Society. In case the Chinese side fails to show enough sincerity, the Japanese will be compelled to use the armed force of the Japanese Navy, in order to dissolve the Anti-Japanese Society and to give protection to Japanese residents on the spot. However, before taking such drastic step, the Government has decided to instruct Mr. Murai, Consul-General at Shanghai, to present a final demand with fixed time-limit to the Shanghai Mayor.

The Foreign Affairs and Navy authorities are holding a joint conference to consider measures to be taken in case of possible emergency.

Gen. Chiang Kai-shek Again in the Saddle at Nanking

GENERAL Chiang Kai-shek since his arrival at Nanking last week has made his dominating personality felt in all directions. The exact situation which he will occupy or the designation of the post by which he will wield his power are matters which, at the moment of writing, have not been defined. But that General Chiang's voice is the one that commands at Nanking at present, and probably will for some time to come, is undoubted, although this is by no means to be taken as meaning that he has assumed the same dictatorial powers as he wielded formerly. Differences of opinion between General Chiang on the one hand and Mr. Sun Fo, the chairman of the Executive Yuan, and Mr. Eugene Chen, Minister of Foreign Affairs, on the other, led to the resignation of the two last named on January 25. It was alleged by his opponents that General Chiang was adopting too complacent an attitude in the face of the Japanese menace, but there are indications that General Chiang, while undoubtedly being compelled to some extent, to bow to superior force, will adopt a policy not altogether passive. It should be remembered that General Chiang received his military education in Japan, speaks the language, and knows better probably than any man in the country what he is up against. At the same time he has led his army to success in past campaigns, he has on a previous celebrated occasion outwitted the Japanese military forces, and may be counted upon to adopt the most feasible course in reference to the Japanese situation as it exists in this part of China at the present time.

General Chiang has as his coadjutor Mr. Wang Ching-wei, who represents a more liberal attitude than General Chiang. The former being a military man, is inclined to rule with an iron hand. General Chiang has the armies of the Nine Provinces fairly solidly supporting him and, generally speaking, is in a position to control the situation. The return of General Chiang to at least some part of the power which he previously

held indicates that there will in the near future be a further movement towards reinstating some of the more prominent members of the old regime, among them Dr. H. H. Kung, former Minister of Industries, and Mr. T. V. Soong, former Minister of Foreign Affairs—all three, let it be noted, being brothers-in-law, the two first mentioned being married to sisters of the last mentioned. Among the flood of recent resignations has been that also of Dr. Huang Han-liang from the post of Ministry of Finance. Already now political prognosticators are busy picking out offices for Dr. Kung and Mr. Soong, one of the suggestions being that Dr. Kung should take the post of Minister of Finance and that Mr. Soong should succeed Mr. Sun Fo as chairman of the Executive Yuan. Nothing has been heard for some time of the proposal to appoint Mr. Soong as Minister to France and it is most unlikely that he would be given a post abroad when his services can be made much more useful to his country here in China.

Just what the next week or two may bring forth either at Nanking or at Shanghai no one can tell. Added to the political tension is a more serious economic and financial situation than ever before. In central China, banditry, which is only too often camouflaged as Communism, is more rampant than ever. China, faced with an inexorable foreign foe, is now more disunited than ever before. The government's financial situation is even more critical than is generally realized, and the recent advances by the bankers are but a tithe of the huge sums which will be required to prevent impending disaster. A moratorium has so far been staved off, but it would be a miracle if a moratorium is not eventually declared, and when it does come there will be such a debacle in Shanghai financial and commercial circles as has never occurred before. The unrest throughout the country has recently become intensified very considerably, and in the end the spectacle will once more probably be seen of the armies of the country being used mostly for the purpose of holding in subjection millions of people whose existence is so miserable that the majority of them are probably ready to risk their lives as the marks for soldiers' bullets rather than to continue such an existence as they are compelled to lead at present.

It is only natural that, conditions being what they are, the Communists should find a fertile field for their subversive teachings, particularly in central China. Even the large flood refugee camps in the Wuhan area were becoming infected with their teachings—so much so that the Hupeh authorities have become alarmed and ordered the breaking up of the camps. The camps, at any rate, were more and more becoming havens for professional loafers and beggars.

A writer in the newly established *China Forum* says that Wuhan is today at the center of an iron Red ring. Red Armies totalling nearly 100,000 men, the strongest and best armed Red units in Hupeh, are converging on the Triple Yangtsze cities from four different directions and are now meeting with very little resistance. "Loyal" troops are going over to the advancing peasant armies by the thousands. "Red suppression" is at standstill since no Red suppressing officer can trust his suppressing troops.

Chinese Politics as Viewed from the South

Hu Han-min to Remain in the South

Despite the efforts and persuasions of Yu Yu-jen, special envoy of the Nanking Government Hu Han-min who is now recuperating in Hongkong, is still adamant in his refusal to return to Nanking to assume his duties as a member of the Standing Committee of the Central Political Council. In a statement published in the *South China Morning Post* on Jan. 19. Mr. Hu stated that the state of his health does not permit him to shoulder heavy responsibilities in the new Government. He says that he is well-satisfied that Messrs. Chiang Kai-shek and Wang Ching-wei should share the responsibility in the Standing Committee of the Central Political Council, while he himself would be glad to assist the Government in his private capacity. Commenting on the Manchuria situation, Mr. Hu states that the situation is becoming very critical and that the efforts of the leaders should be turned solely in the direction of defending the country and not be spent in inviting leaders to assume their responsiblity. Mr. Hu disapproves of the non-resistance policy in connection with the Manchuria affair. He also believes that the Government should proceed without delay in the suppression of Communist bandits in Central China provinces.

Replying to a joint telegram of Messrs. Chiang Kai-shek and Wang Ching-wei, inviting him to proceed to the Capital, Mr. Hu pledges that despite his illness and retirement, he will continue to support the present Coalition Government at Nanking and he congratulates Mr. Sun Fo his formation of the "Cabinet" in the new government.

⁂

Canton Leaders Worried Over Financial Difficulties

According to a report in the *South China Morning Post* on Jan. 20, the stringent financial conditions in the Naval and Aerial Departments are causing anxiety to Admiral Chan Chak and Gen. Chang Huin-chang, Commander of Air Forces. The impending resignations of these two leaders are reported and it is understood that Gen. Chang will go to Nanking and Admiral Chan will go to Hainan Island in Southern Kwangtung. On Jan. 19, the Southern military and political leaders in Canton held a meeting under the chairmanship of Gen. Pei Chung-hsi. noted Kwangsi leader. The meeting discussed at length the developments in the North as a result of the new alignment of Gen. Chiang Kai-shek and Mr. Wang Ching-wei and also the fate of the newly-created Military and Political Councils in Canton. The leaders decided to retain these councils for the time being, but considered it possible to accept the Nanking demand for a curtailment of the sphere of influence of these councils or for a change in name.

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Dr. Wu Undecided About Accepting Kwangtung Post

Dr. C. C. Wu, interviewed on his arrival at Canton on Jan. 20, declared that he has not definitely decided to accept his new appointment as Chairman of Kwangtung Provincial Government. As reported in the *South China Morning Post*, Dr. Wu said that he came to Canton to confer with Canton leaders on some important problems concerning political, financial and foreign affairs of the country, and not for the purpose of assuming the chairmanship of Kwangtung. He says that he may not be well suited to the post, but he expressed the desire to take up his post as administrator of Hainan Island in order to develop the rich mineral resources of the Island. According to Dr. Wu, Mr. Hu Han-min is still indisposed in Hongkong and is not likely to return to Nanking in the immediate future. With regard to the establishment of the three Southwestern Political Councils, Dr. Wu said that the Central Authorities have recognized the necessity of such Councils after minor amendments of their organization.

⁂

Air Force Split Looms in Canton

A Canton telegram in the *South China Morning Post* on Jan. 22 reported that owing to some disagreement over the financial distribution in the department of the Taishantan Aerodrome, Commander Wong Kwong-yui, the second in command in the Air Force, has taken six of the airplanes to Taishan, the end of the Sunning Railway. Gen. Chang Hui-chang, the Air Chief, has sent some of the planes to Chunshan district, while other planes are being allotted to the Haining Islands,

Is the "Open Door" Principle Menaced?

BY A. A. R.

WITH the occupation of Chingchow, the last seat of the Manchurian Government of Marshal Chang Hsueh-liang and driving out that Government into China Proper, the Japanese have completed the first stage of their task of severing the Manchurian provinces from China and establishing out of them a sort of Japanese dependency. They are now devoting their energies to what we might term as the consolidation of their position, acquired—by the way—with the unexpectedly small loss of life and property on their part. This second stage is being put into effect by tightening their grip upon the country both politically and economically. In this Japan has had no check from other Powers, except the United States, the Government of which has on several occasions expressed its fears that the Japanese military actions are likely to endanger the principle of the "Open Door" in Manchuria.

Of these friendly approaches of the American Government we might mention the one made on December 27 last by Mr. Forbes, U. S. Ambassador to Tokyo, when he drew the attention of the Tokyo Government to the fact that the continued occupation of Manchurian cities rendered impossible the collection of outstanding debts by American firms, and that no new transaction could be possible under the existing circumstances. Furthermore, Mr. Forbes presented to the Tokyo Foreign Ministry a list of credits granted by American firms to the former Mukden Government of Marshal Chang Hsueh-liang and which could not be collected owing to the continued occupation of the country and the forced absence of the said Government. In making this representation the U. S. Ambassador called the attention of the Japanese Government to the fact that the circumstances, described in his note, could not be regarded as upholding the sanctity of the "Open Door" principle, about which the American Government had in the past committed itself on several occasions. Another noteworthy action of the American Government, intended to uphold the stated principle, is a note sent by Colonel Simpson, State Secretary, both to Japan and China, in which he makes it known that the American Government, besides being very much concerned about the actual state of things in Manchuria, would be in no position to recognize any power, that might be created in Manchuria because of new circumstances, and the actions of which would jeopardize the treaty rights and privileges of the American citizens in that part of China.

As shrewd diplomats the Japanese have carried these approaches by the assertion that the temporary stoppage of business is quite inevitable, but that it does not imperil the sanctity of the "Open Door" principle, the safeguarding of which is one of the sacred duties of their Government. Conversations regarding this matter are still going on, but it is significant that other Powers, as Great Britain, France, etc., have abstained from approaching the Tokyo Government on the same subject, although they are equally interested in preserving the said principle. Thus, the Washington Government has come out alone, there being no concert among the Powers interested, despite first reports to that effect.

Japan Does Not Meddle Is the Claim

The foregoing clearly shows that foreign powers, and particularly the United States, feel apprehension that the time-honored "Open Door" principle in Manchuria is being imperilled by the military actions of the Japanese Army and that the invalidation of said principle would mean a serious infringement on the rights of foreigners in the country. And the cold study of the facts, accompanying the present occupation, and also the tendencies of ruling classes of Japan, clearly shows that the "Open Door" principle is going to be discarded, although it may stay on paper for convenience. By the consolidation of their position in Manchuria the Japanese mean nothing less than political and economic domination in that country. By economic domination they mean a virtual monopolization by them of all activities in transportation, finances and trade. Being apprehensive not to cause the ill-feeling of other nations they are going to reach that goal in a most cautious way, minding the old maxim that Rome was not built in a day. They even go so far as to say that they are not concerned in the "self-determination" movement, said to be sponsored by the Manchurian "races." One of their leading newspapers, the *Osaka Mainichi*, commenting on the American demarche stated in the issue for January 10 that "as to the new (Manchurian) Government itself, Japan stands in the same place with other Powers. The question is one to be solely decided by the people of Manchuria and does not permit the interference of outside Powers."

That the industrial and financial circles of Japan are fully tuned up with the movements of the Japanese armies in Manchuria has been proved by the fact that the news of the occupation of Chinchow, the last seat of the Manchurian Government, has given a bullish sentiment to all the Stock Exchanges of Japan, and to which there is but one explanation—the anticipated economic penetration into that country, as a sequence of its conversion into a Japanese dependency.

In a further economic penetration into Manchuria greatest prominence is going to be accorded the South Manchuria Railway Company, which is reported to have prepared a plan of further activities, worked out by Dr. C. Shiba, of the Board of Directors, who is regarded as one of foremost financial experts Japan has ever produced. According to what has been reported in the press, the plan is of such a magnitude that the present capital of the railway (440,000,000 yen) is considered to be inadequate, so the company has decided to increase it by 160,000,000 yen and applied to the Government for a permission to float a loan for that purpose. Count Uchida, the Company's President, during one of his recent visits to the capital, is reported to have obtained the consent of the Government, so it is believed the loan will be secured before long.

The Japanese Railway Projects

The greatest project, confronting the S.M.R. Co., is the construction of the Tunghua-Kwanei section of the railway leading from Changchun to Seishin, a Japanese port on the Sea of Japan and not very far from the Russo-Korean frontier. The right to construct this railway was obtained by them from the late Marshal Chang Tso-lin some ten years ago, but could not be put into effect due to the objection of the Nationalist Government, which rightly regards it as a menace to the integrity of Manchuria as a part of China. And once constructed, this railway, leading from the heart of Manchuria to the Japanese controlled port, will have no less an importance than that of the S.M.R. itself. This subject has been much treated in the press, so refraining from any further comment, suffice it so say that the Japanese have commenced with the work and, conducting it with utmost dispatch, mean to finish it by July next.

When writing on the railway projects we can not help mentioning the so-called Manchurian Communications Committee, an institution functioning as the Ministry of Railways. After the outbreak of the Sino-Japanese clashes the personnel of the Committee was greatly enlarged by the cooperation of Japanese experts, among whom comes first Mr. Sato, vice-Director of the Railway Department of the S.M.R. This Committee, however, is not recognized by another one of the same name and purport, established by Marshal Chang Hsueh-liang at Peiping, which did not lose time in announcing that all the activities of the Mukden Committee are illegal and therefore can not be regarded as binding on the Chinese Government. Regardless of this the new Committee is proceeding with the working out of new schemes hand in glove with its Japanese advisers. Therefore we would be quite correct in stating that in the new Committee the Japanese have found a willing organ through which they can materialize their railway policy, that has been objected to by the Chinese Government for these twenty years.

Another project, worked out by the Mukden Committee and which is going to be realized within these two or three years, is the Changchun-Taonan Railway. It will connect Changchun, the northern terminus of the S.M.R., with Taonan, an important commercial centre in Inner Mongolia and lying on the Japanese financed Chinese railway, Ssupingkai-Chengchiatun-

(Continued on page 292)

The "Big Three" of China

BY PAUL K. WHANG (汪仲芳)

THE old adage that two is "company" and three is a crowd can be well applied to the present Chinese political situation. Like the Triumvirate of Rome, China has three big political leaders in Gen. Chiang Kai-shek, Wang Ching-wei and Hu Han-min, who are now known as the "Big Three" of China, because of their having been recently elected to the Standing Committee of three of the Central Political Council, the highest political organ of the present government, But curiously enough the "Big Three", in spite of the fact that they have all professed that they are loyal members of the Kuomintang Party and faithful followers of Dr. Sun Yat-sen, have never been able to compose their personal differences and pledge themselves to the famous saying, "One for all, and all for one." Ever since the establishment of the Nanking government in 1927, they have never on a single occasion served the government together at one time as Caesar, Crassus and Pompey did for Rome. Their party affiliation is not strong enough to bind them together when their political beliefs are vastly divergent. Gen. Chiang, being a military man, as Caesar, is undoubtedly the strongest of the three, and has been the head of the National government since its establishment up to the end of last year. With a vast army under his personal control, he has gradually assumed the role of military dictator by ousting his political enemies by force and centralizing the power of the government into his own hands. For four years, he has managed successfully to meet all the political crises, and emerged from each crisis stronger than before until his retirement at the end of last year. Mr. Wang, the leader of the left wing of the Kuomintang, has his supporters among the radical members of the Party, and also among the students and the working people. His pen and his mouth are his effective weapons by which he has communicated his ideas and ideals relative to social reformations and government changes to the public, thereby winning his popularity among the proletarians. Just as Mr. Wang is a radical leader, Mr. Hu is the leader of the conservative members of the Party. Being an elder member of the Party and a right-hand man of the late Chungli, he has always been looked upon as an oracle of the Party. Because of his devotion to duty and his unselfishness in serving the country, he has been as much beloved as venerated by the people, no matter whether they are conservative or radical in thought. Therefore his influence lies in the love and veneration which the people have borne to him. Thus each of the trio has his own followers, and each has his own political beliefs. In the past few years, we have found times when two of the three have worked hand in hand, but never a single occasion when all the three played different roles on the same political stage at the same time.

Chiang and Hu Work Together

Since the establishment of the Nanking government, Gen. Chiang and Mr. Hu worked hand in hand, because their political beliefs are more or less all on the conservative line, while Mr. Wang, the leader of radicals, was left in the cold. Not satisfied with the Nanking regime which was attacked by him as imperialistic and militaristic, Mr. Wang and his followers connived with the dissatisfied military leaders and petty politicians to set up independent governments on different occasions in an attempt to overthrowing the Nanking government; but to their dismay, all their attempts and intrigues ended in failure, and the Nanking government, through its superior military strength, defeated, one after another, all its political enemies. After the collapse of the Yeng-Feng rebellion, Mr. Wang and his followers had to take refuge in foreign countries.

The "Chiang-Hu" combination, however, did not last long, when they began to quarrel among themselves over the questions of convening a People's Conference and drafting a constitution. Their controversy finally came to a showdown in February, 1931, when Mr. Hu resigned from all his official posts, he being detained by Gen. Chiang under surveillance in Nanking until October of the same year. The detention of Mr. Hu, a very unwise political move on the part of Gen. Chiang, gave an excuse to the sympathizers of the former in Canton to set up an independent government, and the country was thereby once again divided against itself. With the establishment of the Canton government, Mr. Wang was called back from his exile, and became the leader of the separatists. Right after the Manchurian affair, the Nanking and Canton governments, through their peace delegates, talked about the formation of a united government so that China might present a united front against the foreign enemy. In order to remove the cause which led to the establishment of the Canton government, Mr. Hu was released from custody in October. Subsequently the Canton delegates, headed by Mr. Wang, came to Shanghai to talk about peace terms. But above everything else, the Canton delegates insisted upon the resignation of Gen. Chiang as a *sin qua non* to unification. After many conferences at Shanghai, a formula was worked out satisfactory to both parties, but Gen. Chiang's status was still undecided. The members of the Canton government, however, repudiated the Shanghai peace settlement, and Mr. Hu, on the pretext of persuading his followers to accept the peace settlement, went to Canton at the end of November, last year, and has since remained there. In the meantime, the talk of a "Chiang-Wang" combination was rife, when Mr. Wang's followers deserted the Canton camp and flocked to Shanghai. In that instance, it must be noted that in order to regain political power, Mr. Wang had to ally himself with Gen. Chiang, because his presence at Canton was no longer acceptable. On Dec. 5, last year, Mr. Hu and his Canton followers issued a circular telegram stating that they would come to Nanking only on condition that Gen. Chiang resigned from his offices. In order not "to be a stumbling block to peace and unification", Gen, Chiang resigned all his offices on Dec. 15, last year.

After Gen. Chiang's resignation, a new government was formed by the Cantonese, and a Standing Committee of the Central Political Council has been created with Gen. Chiang, Mr. Wang and Mr. Hu elected as members. It is said that this Standing Committee is the highest political organ of the new government, which will formulate China's foreign policy, and complete the reorganization of the new government. But in spite of the appeals of the officials of the new government, this trio has continued to be absent from Nanking, Gen. Chiang enjoyed a good rest at his ancestral home, Wang and Mr. Hu both pleading illness, in Shanghai and Hongkong respectively. Without the active support of this trio, the machinery of the new government has remained idle. To end the deadlock, the new government sent Yu Yu-jen to Hongkong and Gen. Ho Ying-ching and Chang Chi to Fenghua to persuade Mr. Hu and Gen. Chiang respectively to return to the capital to participate in government affairs, but Mr. Hu continuously pleaded that he still needed a long rest and could not come to Nanking, while Gen. Chiang was reported as saying that he would return to Nanking if his presence would not constitute an "obstacle." With the arrival of Gen. Chiang at Hangchow on Jan. 15, the political situation has taken a better turn. On Jan. 16, Mr. Wang emerged from his sick bed at a Shanghai hospital and went to Hangchow on the invitation of the retired leader. After their tete-a-tete talk, it was reported on Jan. 18 that they reached an agreement and would assume their assigned responsibilities in the Chinese government if and as soon as Mr. Hu joined them. On hearing that two of the "Big Three" were at Hangchow, Sun Fo, the president of the Executive Yuan of the new government went to Hangchow by airplane on Jan. 18 to persuade them in person to join Nanking without waiting for the arrival of Mr. Hu. Mr. Sun's efforts were successful because Gen. Chiang and Mr. Wang actually returned to Nanking on Jan. 21.

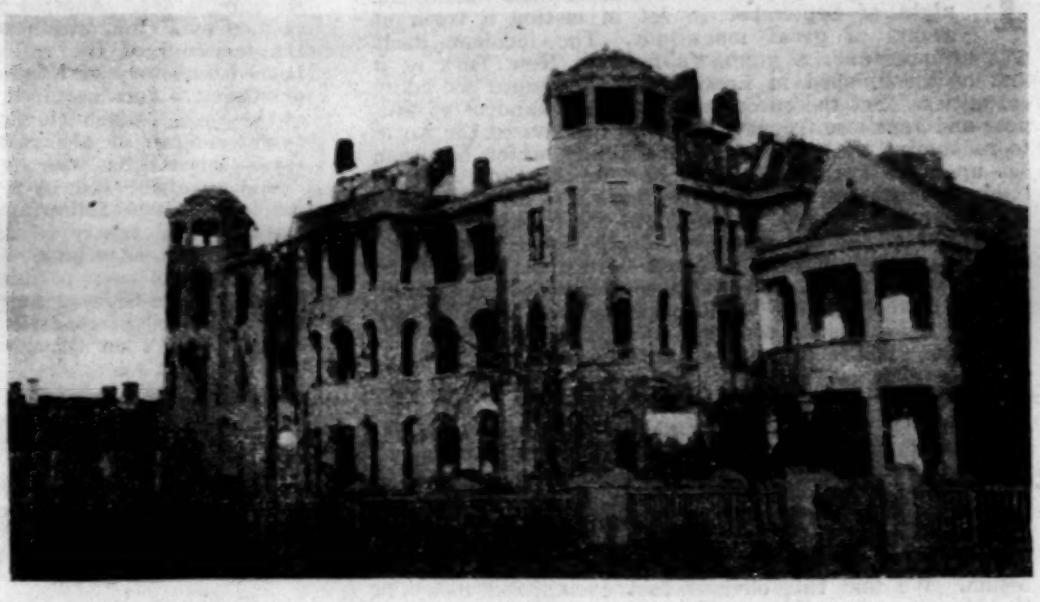
Canton Remains Semi-Independent

The return of Gen. Chiang and Mr. Wang to Nanking will certainly strengthen the position of the new government and set all the political rumors at rest. The understanding between Gen. Chiang and Mr. Wang will lead us to believe that the long heralded "Chiang-Wang" combination has finally become a matter of fact. Whether this combination will far better than the "Chiang-Hu" combination or whether Mr. Hu will join the pair later on, only time can tell. Judging from the news from Canton, we dare say that Mr. Hu is not likely to join the Nanking government in the immediate future. So long as Mr. Hu shows no sympathetic attitude toward Nanking, Canton will continue to maintian its semi-independent government and will not abolish the southwest Kuomintang executive and political councils. Perhaps the ill-treatment of Mr. Hu at Gen. Chiang's hands, as I have said above, has precluded any possible means of bringing the former into a compromise with the latter, and there is still no possibility of forming a Triumvirate in the new government.

In face of the gravest crisis which the country has ever experienced, two of the three political chiefs have finally promised to serve the country once again. Despite the fact that their political beliefs are different, there is no reason why Gen. Chiang and Mr. Wang can not work hand in hand to complete the reorganization of the government, if they can value the welfare of the nation above their personal prejudices. If Mr. Hu is a real patriot, as he has long

How Japanese Mob Rule at Tsingtao Operates

The picture herewith is the building at Tsingtao, situated on the Bund, where the Tsingtao Kuomintang had its headquarters. It is owned by the "opium king," Liu Tze-shan. The building was gutted by fire on the evening of January 13 by a mob of about a thousand Japanese citizens, who became incensed at an article published in its newspaper. Since that date both the the Kuomintang and the newspaper have ceased functioning at Tsingtao. A Tsingtao correspondent writes to say that the foreign residents at Tsingtao were not altogether displeased to see the Kuomintang forces there scattered, but they nevertheless resent that its closure should have been effected thus illegally by a Japanese mob. There is every indication that the riot occurred with the connivance of the Japanese naval authorities. The marines whose ships lay immediately in front of the Kuomintang Building on the Bund did not land until it was much too late to prevent destruction of the property. The Japanese Consulate Compound bristled with several hundred marines the day following the affair. It was obvious that it was only a a demonstration to frighten the Chinese because they were sent back to the ships at nightfall when an attack would be more likely. A civilian auxiliary corps, looking like an overgrown Boy Scout outfit, some in summer Khaki uniforms and some in "civvies," but all carrying small swords or staves marched in front of the Adminstration Building at noon on the day following the affair. They paused in formation facing, the building some minutes. It was a plain gesture of "showing teeth." No effort has been made by the Japanese authorities at Tsingtao to stop such demonstrations.



professed to be, he will also forget his personal animosity against his former colleague, and emerge from his sick bed and give a helping hand to the ship of state which is now drifting in the stormy sea. The time has long been over due that all the political leaders, radicals and conservatives, militarists and civilians, and friends and enemies alike should come together to serve that country to which they have all avowed their allegiance.

Shanghai, January 25, 1932.

French Gambling Percentages for Charity

How (and why) the protecting wing of the French Concession in Shanghai is spread over at least two great gambling institutions in the Concession, the Canidrome (which is the dog race course) and the Auditorium (where the basis of the betting is the playing of a game known as Hai Alai) is revealed in the following report, stressing charitable work, issued by the so-called Administration de la Caisse des Oeuvres d'Interet Public. According to this report this "Caisse" received during 1931 a total of more than a million dollars as its percentage of the winnings from the gambling carried on in these two establishments. Like many other organization throughout the world—Tammany in New York, for instance—the "Caisse" stresses its charitable work, conveniently glossing over the fact that in the meantime the whole mass of people is debauched.

The Commission d'Administration de la Caisse des Œuvres d'Interet Public held a meeting on December 1, 1931, at the French Consulate to examine the returns of the year, the list of grants to be made and draw a program for 1932.

The Caisse Des Œuvres d'Interet Public, which derives its income from the percentages on the betting pool and cash sweep at the Canidrome and at the Auditorium, has received during 1931 a total of $1,279,433.60.

The Commission d'Administration de la Caisse has devoted the greater part of the above sum to the foundations undertaken by them, which are:—

Chinese Primary School, General Hospital for the Poor, the Russian School.

On the Chinese Primary School, now under construction on a piece of land in Rue Chapsal and purchased by the Caisse in 1930, work has been actively carried on. During the past year, expenditure on that building has amounted to: $87,4675.0. Credits have been granted for the completion of the building and its equipment. It is expected that the school will be inaugurated by the end of February next.

The General Hospital for the Poor, planned to accommodate about 250 Chinese patients, is to be built on the land in Route Lorioz, bought by the Caisse in 1930. The Caisse has granted $550,000 for the construction of this building. The plans are under close consideration and the construction work will be started during the present year.

As for the Russian School, $150,000 have been set aside to build it. It will be a day-school and will accommodate a minimum of 300 pupils.

The Caisse des Oeuvres besides these foundations, has granted subsidies to institutions for Public Relief.

First of all, the Caisse wished to help the victims of the disaster which descended on the inhabitants of the lower Yangtsze Valley and decided to devote for that purpose. $75,000. Of this sum, $50,000 have been remitted to The National Flood Relief Commission and $25,000 to the Comite de Secours Aux Victimes des Inondations of the French Settlement in Hankow.

The Caisse des Œuvres, having agreed to co-operate to the extent of half of the cost, in the building of an Isolation Pavilion at the Hospital Sainte Marie, has contributed its share to the amount of $90,700 exclusive of the first instalment of $65,000 made in 1930.

The Caisse des Œuvres has also continued its grants to the Shanghai Institution for Public Relief. They have helped 122 institutions located in the Settlements, as well as in the Chinese territory, and assisting the Chinese or Foreign populations.

The total of these subsidies is: $184,241.55.

The program for the 1932 includes the building of the Russian School and the beginning of the General Hospital for The Poor. Besides The Caisse des Œuvres will devote part of its receipts to create a maintenance fund, the proceeds of which will be used to carry on the upkeep of the many foundations of the Caisse.

The Permanent Conflict in Manchuria

BY WALTER H. MALLORY

Exceecutive Director of the Council on Foreign Relations
(in "Foreign Affairs" for January)

THE incident which occurred in Manchuria during the night of September 18 set in motion a train of events of great magnitude. The incident itself was unimportant: a gunmen's fight in New York or a riot of unemployed in London would produce as many casualties. Yet the encounter between a handful of Chinese and Japanese troops at Mukden has caused the world to reëxamine the whole peace machinery which has been set up since the World War, and in the light of that study to question whether it is advisable or possible to move rapidly toward a reduction of armaments. The statesmen of the world are no longer asked what would the League do in case of a threat of war, but what is the League able to do. The answer has uncovered many defects in the existing world organization. Perhaps one of these defects is the tendency to regard all international situations of this kind on an uniform basis.

The relations between nations are dictated by geographical, racial and economic considerations. Peace is preserved so far as the satisfaction of these considerations allows. Usually it is preserved by the exercise of force—force of arms, force of public opinion, or in some cases perhaps only the force of habit. When some incident mars the friendly intercourse between two or more peoples, force in some form must be applied to secure a return to the *status quo ante* or to effect a new equilibrium. We find this obvious fact exemplified today in the Manchurian problem. Here geographical, racial and economic factors all come into play, and incidents between China, Japan and Russia are perennial. Three major wars have occurred in this region in less than four decades, besides innumerable occasions on which one side or the other has resorted to force. And now a conflict is taking place which seems of more than ordinary importance. With the passage of succeeding weeks of negotiation it has come to seem reasonably certain that all the world can count on finding is some formula for the appeasement of the immediate disturbance. The fundamental issues will, perforce, be left as unsettled as ever. For the nations involved in Manchuria have a very difference set of values from those which guide the European nations that the League has had to deal with in the past; and in the present instance one of the protagonists is not a well-knit and thoroughly responsible political entity.

The Rapid Japanese Advance

The sequence of events since September 18 has been something as follows. The Japanese authorities accused Chinese troops of dynamiting a section of the South Manchuria Railway track near Mukden. Now the treaty rights of Japan include the privilege and duty of guarding this line. The Japanese therefore drove off the Chinese, and in the ensuing fight both Japanese and Chinese troops are known to have been killed. On the other hand, the Chinese claim that the attack was entirely unprovoked. Loaded guns have a way of going off, and it will never be known in the west who fired the first shot; but obviously it takes two to make a fight, and nobody doubts that there was a fight of substantial proportions. Japan immediately moved with great swiftness and efficiency and captured the Chinese city of Mukden early in the morning of September 19. Within a few days the principal cities along the South Manchuria Railway line had been occupied by Japanese troops, and the Chinese armies had been scattered and many of their soldiers disarmed. Japan also promptly sent military expeditions to cities outside the railway zone for the ostensible purpose of offering protection to Japanese settlers. Expeditions have since been made for other reasons, such as to repair the railway bridge over the Nonni Railway near Anganchi. This resulted in an engagement between Japanese troops and the mercenary army of General Ma Chan-shan, a local leader owning only the sketchiest sort of allegiance to the central government of China.

The initial conflict near Mukden was merely the culmination of a series of minor incidents and took on unusual importance only because the issue happened to be physically joined. Other recent disturbances had served to prepare the fuse which was there ignited. Japan contends that China has been carrying out a program of covert hostility with the definite purpose of undermining Japan's treaty interests. The most important of these are a series of railway, mining and land concessions which for all practical purposes amount to an *imperium in imperio*. As a prize of the Russo-Japanese War of 1905, Japan inherited the southern branch of the Chinese Eastern Railway, extending from Changchun to Dairen.[1] Having secured China's ratification of this transfer of ownership, Japan also secured the concession to build another line running from Mukden to Antung on the Korean border. Another inheritance from Russia, also ratified by China, was a strip of territory encircling the sea terminal of the railway at Dairen, known as the Leased Territory of Kwantung. Capping all these other privileges, Japan acquired a strip of land on either side of the South Manchuria Railway system, of undetermined extent, known as the railway zone. The time limit of these concessions was extended, and adjacent mining rights were reserved, by a treaty which China signed and ratified in 1915 following delivery of a Japanese ultimatum. The treaty of 1915 also gave permission for foreigners to lease land in South Manchuria and Eastern Inner Mongolia—a permission which China has always denied to non-Chinese anywhere in her domain. At the Washington Conference in 1922 China sought abrogation of this treaty on the ground that it had been signed under duress.

Newspaper dispatches from the Far East during the past year have substantiated Japan's repeated complaints that China, besides continuing to deny the legitimacy of the Japanese position, had begun a covert campaign to bring it to an end. Japan declares that there are more than three hundred outstanding cases in which her rights have been violated, and that while negotiations over some of them have been begun, not one has been settled. So far as can be learned, no list of these cases has ever been issued in the English language; but the Japanese authorities have supplied information to the author which makes it possible to indicate their general nature. They fall into the following categories:

Railroad Matters: Violation by China of her undertaking to protect the Japanese-owned South Manchuria Railway against the building of Chinese parallel lines. Interference with the taking of ballast for railroad tracks from quarries. Attacks by Chinese on the operators of the South Manchuria Railway. Unwillingness of Chinese to implement contracts already signed for the construction of other railways by the Japanese.

Mining Matters: Violations of treaties by China with regard to the export duty of Fushun and Yentai coal. Violations of contracts by China regarding Sino-Japanese joint concerns, such as the Fuchow Clay Company. Arbitrary annulment of mining rights owned by Japanese.

Land Matters: Obstructions placed by China in the way of the purchase of land for railroad use. Delay in the settlement of claims made by Japanese Agricultural Development Companies. Violations by China of treaties with regard to lease and purchase of lands.

Taxation Matters: Imposition of various kinds of taxes at the Dairen Custom House, as well as in the Railway Zone, in violation of the treaty rights granted to Japanese.

Korean Matters: Prohibition of residence, lease and purchase of lands, imposition of discriminating taxes in violation of the treaty, and annulment of extraterritorial rights of Koreans.

Japan Complains of Insults

In addition, Japan complains of innumerable insults and irritating actions against her nationals, of the issuance of secret instructions to local Chinese government officials to ignore Japanese rights, to foster anti-Japanese education among Chinese school children, and to obstruct Japanese residence and travel in Manchuria. Any foreigner who has had to reside in China during periods of anti-foreign agitation will at once recognize what a severe strain such tactics put on the nerves. In such circumstances the question of security rapidly loses its academic character; and military men whose training leads them to retaliate in the face of danger are of course particularly had to restrain. Not all aggression is by military

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1 Under Japanese occupancy this part of the Chinese Eastern Railway is called the South Manchuria Railway.

force. A thousand pin pricks may be as effective as a slash of the sabre. China chose to gain her ends by means that technically were pacific. But Japan considered Chinese aggression against Japanese treaty rights no less real because covertly pursued. And finally she struck back, openly and hard. She claims that her treaty engagements with other Powers—*e.g.*, the Kellogg Pact and the Nine Power Treaty—do not limit her right to intervene in China and afford protection to her nationals which Chinese officials fail to give.

On the other hand, Japan secured the special position which she occupies in Manchuria as the result of aggression and of treaty privileges extracted under pressure. The fact that she paid dearly in blood and treasure for her privileges is no extenuation of the methods used in obtaining them, although it has made Japanese public opinion particularly sensitive to any infringement of the Japanese position. Japan can point out that national boundaries usually have been determined in the first place by war. She might, for instance, remind the United States that our own boundary was moved southward as a result of the war with Mexico, and ask us how we would feel if it were now suggested that the arrangement should be repudiated because the treaty of 1848 was signed under duress. Actually the two cases are not analogous, for Japan declares that she does not seek to violate the territorial integrity of China in Manchuria, but only to secure her interests there. She chooses to regard the use of force in the present instance only as police action designed to protect Japanese lives and property. This so-called police action has taken Japanese troops outside of the South Manchuria Railway zone, in which she is entitled by treaty to maintain a force of some 15,000 men, and has spread them along all the Chinese railways in Manchuria built with Japanese capital. And these troops have embarked on military adventures which in the eyes of the world constitute intervention.

Japan's Compelling Motives

Let us turn now to consider the fundamental facts which underlie the attitudes of Japan and China. Japan's compelling motives are diverse, but if one were to seek a single word to express them it would be the word "security." Security may not have been Japan's principal aim when first she sought to extend her influence to the mainland of Asia; but that having been done, she came to regard her position there as vitally important, and there has arisen in the Japanese popular mind the belief that Manchuria is Japan's first line of national defense. Japanese strategy is not aimed alone or even primarily at China, who as a result of internal strife lies all but prostrate. It is directed primarily at Russia. Japan and Russia both regard Manchuria as a kind of common backyard, where they are forced for the time being to meet on sufferance. When Russia established herself throughout the whole of this backyard, the Japanese in 1905 rose as one man to displace her.

So much for the strategic aspect of Japan's problem of security. She also seeks economic security. Manchuria has raw materials which Japan sorely needs. Food is there for her constantly increasing population, and coal and iron for her manufacturing industries. The trade statistics show that Manchuria's economic ties with Japan are substantially stronger than those with China, and all other countries combined. Imports from Japan through South Manchurian ports during the past few years have averaged about 70 percent of the total. Exports to Japan have exceeded 75 percent, but have shown a decline since 1926. In 1926 exports to Japan and Korea were 72.5 percent of the total; in 1927, 69.3 percent; in 1928, 67.2 percent. Japan is the largest purchaser of Manchurian beans, bean cake, silk, cereals, coal, iron and iron manufactures, as is shown by the table on the following below:

MANCHURIAN EXPORTS TO JAPAN IN 1923
THROUGH SOUTH MANCHURIAN PORTS
(in Millions of Haikwan Taels)

	To Japan	To Korea	Total Exports	Japan and Korea Percent of Total
Beans	34.3	1.2	108.3	32.7
Bean Cake	34	4.8	57.2	67.8
Coal and Coke	16.2	3.3	54.9	55.8
Silk and Silk Products	7.5	—	11.3	66.3
Iron and Iron Manufactures	6.4	.4	7.5	90.6
Wheat	3.1	.2	3.7	89.1
Millet	1.3	19.6	21.2	98.5

The industrial development of Japan is, of course, built on iron and coal. She secures an important share of these essentials from Manchuria. For instance, probably half of the pig iron imported into Japan comes from Manchuria, and imports are roughly one-fourth of local Japanese production. In the case of coal, Manchuria's production is about a fourth of Japan's. Of the Manchurian coal perhaps a third is exported to Japan. While the supply of these materials is important in peace time, in case of war Japan's other foreign sources might be cut off; then the Manchurian coal and iron would be indispensable.

When Japan counts up her reserves of iron and coal she becomes more convinced than ever that her very life depends on the control of the Manchurian mines and of the transportation facilities which will bring their output to her shores. At the present rate of consumption the iron ore reserves in Japan are entirely inadequate. If domestic ore alone were used to manufacture the iron and steel consumed annually in Japan, the estimated utilizable ore would be exhausted in thirteen years and the total reserves, including low grade ores, in about twenty-five years. In coal, Japan is somewhat better off. Her reserves amount to about 118 tons per capita, while her present annual consumption is about half a ton per capita; at this rate her reserves might be expected to last for over two hundred years. But Japan is only partly industrialized. The per capita consumption of coal in the United States, for instance, is about four tons per year. At this rate, and discounting imports, Japan's reserves would be exhausted in a generation.

These facts are cited to explain the feeling of dependence on Manchuria which has developed among the Japanese people. And as the years pass—as Japan's reserves of raw materials dwindle still further, as her population grows, and as she continues to extend her investments in Manchuria—this feeling will certainly not diminish, but may be expected to broaden and deepen.

China is no less aroused. She likes to think that special rights in Manchuria were stolen from her by Russia, who later lost the spoils to Japan. She is on sounder ground when she points out that Manchuria in law and in fact is an integral part of China. Yet because of Japanese influence there, the Chinese officials are constantly being impeded in the exercise of government. Furthermore, the economic organization of the region has passed out of Chinese hands due to the dominating influence of the South Manchuria Railway, which controls the outlet to world markets. She also emphasizes the fact that the population of Manchuria is 96 percent Chinese, that during the past few years some 5 million new Chinese settlers have made their homes there, and that it is these Chinese people who have developed the country by the sweat of their brow—even though it may have been under a *pax Japonica*.

Japan seeks to justify her course in Manchuria on legal grounds. She has categorically denied any intention of infringing on the territorial integrity of China or the Open Door, both principles which are emphasized in the Nine Power Pact of 1922. She declares her only desire is to defend the sanctity of existing treaties. To this China replies that if Japan has a legal right to be in Manchuria she has no moral right to be there; and as for the legal aspects of the affair, she says that Japan's action in sending troops outside the railway zone is a breach of the very treaties which she pretends to be so desirous of upholding. The fact is that each side has a tenable legal case, which is precisely why outside nations have found it so difficult to effect any compromise.

When the recent explosion occurred the League of Nations sought a way of fulfilling its duty to prevent war. As the United States is a signatory of the Pact of Paris jointly with states members of the League of Nations, Washington associated itself with the League's effort by appointing a representative to sit with the Council. The Council's task was complicated by the fact that oriental peoples do not even pretend to be interested in the question of peace, as such, in the way that occidental nations have been interested since the Great War. In China civil war is chronic, natural, accepted. Japan remembers that Chinese soil has been subject to many interventions since the Covenant of the League was adopted, and that none of them brought any protest from Geneva. Russia as recently as 1929 embarked on an armed intervention in Manchuria. Now Japan has intervened there, and the League, on China's solicitation, has decided to regard this action as a threat of war. It

would be interesting to speculate why those who guide the League's destinies thought the duty to take action which was avoided in former instances should no longer be set aside; but that is not the subject of this article. The fact remains that even if one disagrees with the theory that Japan's intervention in Manchuria constituted a threat of war, it beyond double constituted a violation of Article 2 of the Kellogg Pact pledging the nations to the settlement of disputes by peaceful means.

International controversies, even in distant lands, seem to lend themselves to partisanship, and this partisanship is very often expressed with an intemperance altogether at variance with the pacific ends that foreign observers might be supposed to have in view. This is particularly so in America, and no better example is available than the declaration made on the Manchurian crisis by Senator Borah, Chairman of the Foreign Relations Committee of the United States Senate. In the *New York Times* of September 25 he was reported to have said in a speech delivered at the University of Idaho on the preceding day that Japan's action in Manchuria violated the Kellogg-Briand Pact, the League of Nations Covenant, the Versailles Treaty, and "every international law." Mr. Borah likes to be regarded as an ardent friend of peace. Yet such a statement, made less than a week after the incident at Mukden, before an impartial investigation had been made, and without taking any account of the complex factors involved, could hardly be expected to contribute to a peaceful solution of the difficulty. Declarations of that nature coming from one in a position of high authority and setting forth views which might be considered abroad as representing American official opinion may well have been a determining factor in leading Japan to object formally to American participation in the League's study of the dispute.

The Problem of Keeping Order in Manchuria

What the world needs is an effective and stable government in Manchuria, and the preservation of order. The Chinese authorities, judging by conditions in other parts of their domain, would find it next to impossible to provide this within any reasonable time. Japan, if given the authority, could maintain at least the outward semblance of peace. Suggestions have been numerous as to how the gap might be bridged until China is able to govern Manchuria as it should be governed, in its own interest and in the interest of other nations. Two of them seem worthy of mention. First, the League of Nations might propose, with China's consent to establish a mandate over this territory and might appoint Japan as the mandatory power. Sovereignty would remain in the hands of China, but juridiction would rest with the League. Japan would thus acquire international sanction for her actions in Manchuria, but they also would be subject to international review; China might regard this as preferable to leaving Japan the scope for single-handed action which she now enjoys under the 1915 treaty. It would be difficult for Chinese Nationalism to accept such a plan, for it would imply Chinese incompetence to rule; but it might seem acceptable as an alternative to absolute Japanese control. Japan, on the other hand, might be unwilling to accept supervision; but it would give her security, and if it could be accomplished in a friendly spirit it might lead to those cordial relations with China essential for Japanese trade. The second suggestion is that an international police force be established in Manchuria, headed by an officer appointed by and answerable to the League, and with both Chinese and Japanese troops under his command. Its duty would be to preserve law and order, suppress banditry, and furnish protection for Chinese and foreign lives and property in Manchuria.

Neither of these suggestions seems possible of adoption at the moment, and time would be required to carry either into effect. But either of them would provide a mechanism by which the good offices of the League of Nations might constantly and evenly be brought into play. Since the League has entered the present controversy, it is important that it should continue its offorts until some solution has been reached, even one which may not be satisfactory to the League's highest ideals. To withdraw entirely would mean loss of prestige. But it seems clear that in such confused circumstances the usefulness of the League must lie in finding some way to draw China and Japan together, not in attempting to isolate one nation as the aggressor and applying coercive measures to it. Even if the latter course were adopted, and even if it succeeded temporarily, the fundamental elements in the Manchurian situation would not be resolved and a series of resistances would be set up which in the end might well prove more damaging than helpful.

We shall probably not live to see a permanent settlement of the Manchurian problem, fair to all parties concerned and leaving no animosities to germinate the seeds of future conflicts. The "solution" of the present crisis should be taken to be the re-establishment of an equilibrium, where armed conflict is no longer the rule and where the inhabitants are permitted to return to normal peaceful pursuits. The underlying ambitions of both China and Japan are deep-seated and, as far as can be seen, permanent. The inexorable forces to nationality, of economic necessity, or human capability—the forces which in the end must determine the fate of nations—will continue gradually to shape the destiny of Manchuria. Just what will be the end we cannot see. The course of true statemanship would seem to be to recognize the forces involved, and to lay plans which take them into account, rather than to make the vain effort to force Chine and Japan to conform to a set code of procedure considered desirable by nations in the west. The League of Nations and the Kellogg Pact are the product of western twentieth-century reasoning. In applying them to seventeenth-century eastern problems their limitations must be clearly recognized.

American Express Manager in Shanghai Shot Dead by Chinese Soldier

Dr. Albert Porges, an Austrian aged 35 years, general manager of the local branch of the American Express Company, was shot through the chest and killed by a Chinese sentry shortly after noon Sunday, January 25, while on his way to Lungwha, near Lungwha Pagoda several miles out of Shanghai. Private Tang Chao Fu, sentry on duty at the time attached to the 155th Machine Gun brigade, is being held as responsible for the fatal shooting.

According to the *China Press*, Dr. Porges was killed when his car did not come to a halt as ordered by the Chinese sentry. The Chinese area in which the tragedy occurred has been under martial law for two days and the incident took place near the Lunghwa garrison.

Dr. Porges was unmarried. He was shot from behind. He was rushed to the Shanghai Nursery Home, the old Blue Hospital, but efforts to save his life were futile and he died shortly before five o'clock. The body was taken to International Funeral Directors.

He was driving with an unidentified woman at the time of the incident. A chauffeur was driving the car. He said afterward that he was unaware of an order to halt having been given.

A Motor Cycle Trip in Anhwei Province

A correspondent writes to *The Review* from Pengpu, Anhwei Province, under date of Jan. 24, that a motor cycle trip from that point through Hwai Yuen, Fengtai, Show Chow and to Chenyangkwan, which he had just completed, indicated that there is still considerable fear of bandits and kidnappers in some areas, but the bandits do not seem to roam in large bands. In the correspondent's opinion if food could be assured, banditry would largely cease. Fortunately the flood relief labor to be carried on by the National Flood Relief Commission has begun at Chenyangkwan and numerous other points along the Hwai River, and many thousands of workmen are earning enough for themselves and the other members of their families as well. The numerous boatmen, otherwise mostly idle, are conveying the American wheat and flour from the railway to various river points, so they also get their share. Free relief has been given in many counties, but it nets so very little for each family that it is evident that work relief, if funds permit, is far better, for as a rule it continues longer and there is a measure of prevention of other floods later. Everyone seems idle, and there is little business in any large way. The correspondent's motor cycle with side car proved to be a most interesting curio to the populace, and a standing (and crowding) reception committee of hundreds, even thousands, was everywhere found. No other motor conveyance would have been possible as the roads are still in bad condition, and in places have never been constructed for motor traffic.

How to Deal with Japan

BY C. Y. W. MENG 孟昭燏

THERE are two pressing problems facing Sun Fo's cabinet, the financial and diplomatic. It is generally believed that by the agreement reached between the Government and bankers in Shanghai whereby the latter are to advance a monthly sum of $8,000,000 for two months, to the former, together with the rigid economy to be enforced, the Government will be able to tide over the financial crisis. So there remains only the diplomatic problem unsolved. By this we mean the Sino-Japanese crisis created by the Japanese invasion and occupation of the Chinese territories in the Northeast. It was largely because of its inability to cope with said situation that the downfall of the former Government was brought about. Now again the fate of Sun Fo's Government depends upon a satisfactory solution of the Sino-Japanese situation.

When the Japanese invaded and occupied Mukden, the capital of Fengtien province, the Chinese authorities there adopted a policy of non-resistance, and as a result province after province fell into the hands of the invaders. The Manchurian authorities were then bitterly criticized by the whole nation for maintaining large hordes of armies, but nevertheless failing to protect the national territories. While we wish to express our strong disapproval of the non-resistance policy, we wish to score the authorities more for their lack of farsightedness, alertness and preparedness to meet the situation. It must have taken quite a considerable length of time for the Japanese to prepare for the invasion. It was reported that several big field guns and machine guns had been brought into Manchuria several weeks before the actual outbreak. We wonder why the Chinese authorities in Manchuria were not aware of these movements. They should have been more alert and watchful, and reported to Nanking what the Japanese intentions and movements were. Failure to watch attentively and to prepare for any eventualty was the first great blunder committed by the Manchurian authorities.

China, having been caught by surprise, could only adopt a policy of non-resistance. The situation was such as to give China no other alternative than to appeal to the League for justice. The appeal to the League was the first and proper step for China to take, but Nanking committed a blunder when she put all responsibility upon and relied too much on the League of Nations, believing that the League would be able eventually to effect the withdrawal of the Japanese troops. At the same time, Nanking and Canton spent much time in petty squabbles among themselves.

When the League adopted resolutions ordering the Japanese to withdraw their troops to the railway zone within a certain period, and such orders were entirely disregarded by the Japanese, Nanking ought to have wired to her envoy in Geneva immediately to invoke Articles 15 and 16 of the Covenant to bring pressure to bear upon the Japanese to withdraw their troops; and at the same time China should have warned the League that China might take her own steps for self-salvation, if the League were unable to stop the Japanese military operations in Manchuria. But Nanking merely awaited for the next meeting of the League Council. When the League's decisions were, for the second time, disregarded by the Japanese, Nanking still did not formally invoke Articles 15 and 16, nor did she press the American Government to convene a conference of the signatures to the Nine-Power Treaty. Much precious time was wasted in the oratorial contests between Dr. Sze and Mr. Yoshizawa, by which nothing was gained for China.

A Strong Government Needed

The Manchurian situation became much worse after President Chiang's retirement, largely due to the Chinese internal political situation. When Sun Fo's cabinet was formed, it was by no means a hopeful sign of true unification in China. The appointment of three of President Chiang's men to be the chairmen of the three provinces nearest to Nanking just on the eve of his retirement was interpreted by the Canton authorities as indicting his intention to come back into power. Within a few days of the establishment of of the new "United Government," rumors were current that such military leaders had a secret conference in Chinkiang and that the Nine-Province Union had been formed. Reports further had it that the military generals in the North would have issued a circular denouncing the central government had it been not for the pressure of some leading people who caused the withholding of the circular.

In order to have a strong government it is imperative that all leaders should sink their personal differences and work together wholeheartedly for the Party and nation. Mere expression of willingness to serve the country is of no value. History has shown us that a crisis like the present Sino-Japanese crisis usually results in the national unification of the country. Will this also be true in China?

Non-Cooperation with Japanese

The Chinese people should adopt a policy of non-cooperation with the Japanese. The boycott movement is only one form of non-cooperation. The Chinese should sever all relations with the Japanese, either individually or collectively. In other words, the non-cooperation movement should be carried out to such an extent as to make the stay of the Japanese in China practually impossible. To refuse to have contact with anybody is an individual right to which nobody could object.

However, a study of recent events has revealed that the Chinese have not yet organized themselves well enough to make effective the public opinion and to receive support from the political leaders. Recently, the students demanded a general strike to urge the Government to go to war with Japan, but this demand was not endorsed by the merchants. The Anti-Japanese Association is said to have refused the participation of the students in their activities. There are many other signs showing the poor organization and lack of leadership among the Chinese. The non-cooperation movement should be organized on a permanent basis, not merely on sentimental grounds, which last only for a short time. The movement should be scientific, but not violent.

China has referred the Manchurian situation to the League of Nations, trusting that the League would be able to do justice. But our past experiences has indicated to us that the League is really helpless when a case involves one of the big powers. The invocation of Articles 15 and 16 is certainly another futile attempt, because none of the League-members would take such a step against the Japanese. The human instinct of self-preservation dictates that China would be justified in severing diplomatic relations with Japan.

Japan considers Manchuria as a matter of life-and-death for Japan. She has looked upon Manchuria as the only place in this universe for the colonization of her surplus population and the supply of raw materials and foodstuffs. For this reason, Japan regards Manchuria as Japanese,—not as Chinese. That is to say, the Japanese interests in Manchuria are so deep-rooted and so imperative to the Japanese national existence that if the Chinese would like to exercise their sovereignty over Manchuria they have to drive out all the Japanese and revise the future relations between China and Japan, if not at the present time, then some time in the near future.

The severance of diplomatic relations with one country means the existence of a state of war between two nations. So, before the actual severance of diplomatic relations with Japan, China should be fully prepared for all eventualities that naturally would follow that drastic step. To our mind, for the present, China should not contemplate the severance of diplomatic relations with Japan. In the mean time, what is more important is to build up a strong government within. A National Defense Commission should be formed to consist of Generals Chiang Kai-shek, Chang Hsueh-liang, Feng Yu-hsiang, Yen Hsi-sen, Chen Chi-tang, and their respective subordinates. The Central Government should hold the different generals responsible for the protection of the territories under their protection. So the way to cope with the Japanese is to have a strong government within; to carry out a permanent and scientific non-cooperation movement against the Japanese; and to put up strong resistance against any invaders who come into the Chinese territories, there being no necessity of first severing diplomatic relations or declaring war on the invaders.

Nanking, January 23, 1932.

$18,000 Gift For Flood Relief Is Sent By Canada

Information has been received from Dr. Robert Laird, of the United Church of Canada, that a sum of Canadian $18,000 (U.S. Currency equivalent to G.$15,630) has been made available for flood relief in China, according to E. C. Lobenstine, and has been allocated by the National Christian Council to flood relief work. This represents the freeing of an old Honan famine relief surplus. It is a joint donation from the United Church of Canada, and that portion of the Presbyterian Church which remained outside the United Church. It is requested that it to be used in the neediest famine areas.

Japan States Her Case on Manchurian Railways

The Rengo (Japanese) News Agency end of last week circulated the following statement relative to the question of construction of parallel railway lines in Manchuria arising from Dr. Wellington Koo's recent assertion that China had never given any pledges to refrain from building such lines:

With regard to the Chinese Government's violation of its promise to refrain from constructing parallel railway lines in Manchuria and in refutation of Dr. Wellington Koo's recent assertion that no such pledge had ever been given, the Japanese Government recently published in full that recorded minutes of the conference at which the Sino-Japanese Agreement of 1905 was signed, and which minutes are tantamount to a secret annexe to the agreement itself. Appended are the minutes:

Agreement of 1905

In 1905, when the Treaty concerning Manchuria and the supplementary agreement to it were concluded, the Japanese Government insisted on the insertion in the text of the Treaty definite engagements on certain matters. Since, however, the Chinese Government found it difficult, for internal political reasons, to consent to the publication of such engagements, it was agreed that these should be merely recorded in the minutes of the Conference, which were drawn up both in Japanese and Chinese and signed by the Japanese and Chinese plenipotentiaries. These unpublished understandings totalled 16 in number. An English version summarizing these provisions was submitted, in February, 1906, to the British and the United States Governments in strict confidence by the Japanese Government.

"Inasmuch as there seems to be some doubt as to the existence of these understandings in the minutes of the Conference, and as people even in positions of influence in China have openly denied it, this Government thinks the present a fit occasion to publish the above-mentioned communication made to the Governments of Great Britain and the United States.

Summary of Protocols

Whereas the protocols of the Conference recently held between the Plenipotentiaries of Japan and China with regard to Manchuria are to be kept strictly secret in deference to the desire of the Chinese Government, only such portions of those Protocols as possess the character of executory agreements are given in the following summary:

1. The railway between Changchun and Kirin will be constructed by China with capital to be raised by herself. She, however, agrees to borrow from Japan the insufficient amount of capital, said amount being about one-half of the total sum required. The contract concerning the loan shall, in due time, be concluded, following *mutatis mutandis*, the loan contract entered into between the board of the Imperial Railways of North China and the Anglo-Chinese Syndicate. The term of the loan shall be 25 years, redeemable in yearly instalments.

2. The military railway constructed by Japan between Mukden and Hsinmintun shall be sold to China at a price to be fairly determined in consultation by Commissioners appointed for the purpose by the two Governments. China engages to reconstruct the line, making it her own railway, and to borrow from a Japanese corporation or corporations one-half of the capital required for the portion of the line east of Liaoho for a term of 18 years repayable in yearly instalments, and a contract shall be concluded, for the purpose following, *mutatis mutandis*, the loan contract entered into between the Board of the Imperial Railways of North China and the Anglo-Chinese Syndicate.

Military Railways

All the other military railways in different localities shall be removed with the evacuation of the regions.

3.—The Chinese government engages, for the purpose of protecting the interest of the South Manchurian Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighbourhood of and parallel to that railway, or any branch line which might be prejudicial to the interest of the above-mentioned railway.

4.—China declares that she will adopt sufficient measures for securing Russia's faithful observance of the Russo-Chinese treaties with regard to the railways which Russia continues to possess in the northern part of Manchuria, and that it is her intention, in case Russia acts in contravention of such treaty stipulations, to approach her strongly with a view to have such action fully rectified.

5.—When, in the future, negotiations are to be opened between Japan and Russia for regulation of the connecting railway services (Article VIII of the Treaty of Peace between Japan and Russia), Japan shall give China previous notice. China shall communicate to Russia her desire to take part in the negotiations through commissioners to be dispatched by her on the occasion, and Russia consenting shall participate in such negotiations.

Mines in Fengtien

6.—With regard to the mines in the province of Fengtien, appertaining to the railway, whether already worked or not, fair and detailed arrangements shall be agreed upon for mutual observance.

7.—The affairs relating to the connecting services as well as those of common concern in respect of the telegraph lines in the province of Fengtien and the cables between Port Arthur and Yentai shall be arranged from time to time as necessity may arise in consultation between the two countries.

8.—The regulations respecting the places to be opened in Manchuria, shall be made by China herself, but the Japanese Minister at Peiping must be previously consulted regarding the matter.

9.—If no obejction be offered on the part of Russia respecting the navigation of the Sungari (by Japanese vessels), China shall consent to such navigation after negotiations.

Promote Good, Remove Evil

10.—The Chinese Plenipotentiaries declare that immediately after the withdrawal of the Japanese and Russian troops from Manchuria, China will proceed to take in virtue of her sovereign right, full administrative measures to guarantee peace in that region and endeavour, by the same right, to promote good and remove evil as steadily to restore order, so that the residents of that region, natives and foreigners, may equally enjoy the security of life and occupation under the perfect protection of the Chinese Government. As to the means of restoring order, the Chinese Government is to take by itself all adequate measures.

11.—While relations of intimate friendship subsisted, as at the present time, between China and Japan, Japan and Russia had unfortunately engaged in war and fought in the territory of China. But peace has now been re-established and hostilities in Manchuria have ceased. And while it is undeniable that Japanese troops, before their withdrawal, have the power of exercising the rights accruing from military occupation, the Chinese Government declares that certain Japanese subjects in Manchuria have recently been observed sometimes to interfere with the local Chinese administration and to inflict damage on public and private property of China.

Control of Japanese

The Japanese Plenipotentiaries, considering that, should such interference and infliction of damage have been carried beyond military necessity, they are not proper acts, declares that they will communicate the purport of the above declaration of the Chinese Government to the Government of Japan, so that proper steps may be taken for controlling Japanese subjects in the province of Fengtien and promote the friendly relations between the two nations, and also for preventing them, in future, from interfering with the Chinese administration or inflicting damage on public or private property without military necessity.

12. In regard to any public or private property of China which may have been purposely destroyed or used by Japanese subjects without any military necessity, the Governments of the two countries shall respectively make investigations and cause fair reparation to be made.

13. When the Chinese local authorities intend to dispatch troops for the purpose of subduing native bandits in the regions not yet completely evacuated by Japanese troops, they shall not fail previously to consult with the commander of the Japanese troops stationed in these regions so that all misunderstandings may be avoided.

Railway Guards

14. The Japanese Plenipotentiaries declare that the Railway Guards stationed between Changchun and the boundary line of the leased territory of Port Arthur and Talien, shall not be allowed, before their withdrawal unreasonably to interfere with the local administration of China or to proceed without permission beyond the limits of the railway.

15. Chinese local authorities, who are to reside at Yinkou, shall be allowed, even before the withdrawal of the Japanese troops, to proceed to that place and transact their official business. The date of their departure is to be determined, as soon as possible after the definite conclusion of this Theaty, by the Japanese Minister to China in consultation with the Waiwupu. As there is still in that place a considerable number of Japanese troops, quarantine regulations as well as regulations for the prevention of contagious diseases, shall be established by the authorities of the two countries in consultation with each other so that epidemics may be avoided.

16. The revenue of the Maritime Customs at Yingkou shall be deposited with the Yokohama Specie Bank and delivered to the Chinese local authorities at the time of evacuation. As to the revenue of the native Customs at that place and the taxes and imposts at all other places, which are to be appropriated for local expenditures, a statement of receipts and expenditures shall be delivered to the Chinese local authorities at the time of evacuation."

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Mr. Yoshiwaza Defines Japan's Foreign Policy

The following address was delivered by the Foreign Minister, Mr. Yoshizawa, at the 60th session of the Japanese Diet at Tokyo January 21:

"It gives me much pleasure to lay before you my views on the outstanding diplomatic questions confronting the Japanese Government to-day. The most important of these, which not only affects us most profoundly, but engages the attention of the entire world, is the Manchurian Affair. China being Japan's neighbor, she always stands, both economically and politically in an intimate relationship with this country. In regard to Manchuria, through historical and geographical reasons, political considerations must become of preponderate interest. It is beyond any argument that the welfare of Manchuria is of the greatest consequence to Japan. More than a million Japanese subjects are in Manchuria and we possess there, in connection with the leased territories, railways, mines, et cetera, and vitally important rights and interests secured either by treaty or contract.

Chinese Policy in Manchuria

"In these recent years, the Chinese authorities, ignoring the historical fact that the present development in Manchuria is entirely due to Japanese efforts, and taking advantage of our complaisance, have pursued an oppressive policy towards the Japanese and again and again set at naught treaty rights and interests. Protests and warnings from the Japanese Government have availed little. Thus, the situation in Manchuria had become, politically, more and more disquieting and the menace to our position increasingly grave. The patience of the Japanese nation had been tried to the breakingpoint when the railway bombing incident suddenly occurred September 18 last year, precipitating a collision between the Chinese and Japanese troops and later leading to the developments which are well known to all.

Japan's Responsibility

"Manchuria holds the key to the peace of the Far East. That was true before the Russo-Japanese War and is even truer to-day. In the past the Japanese Government has always done everthing possible to prevent Chinese civil commotions speading into Manchuria because we possess there rights and interests, rendering maintenance of peace and order in Manchuria absolutely essential. Thanks to our untiring efforts, Manchuria remained free from the constant turmoil in China Proper and was turned into a land of peace and prosperity. But for the Chinese misconduct in these late years and the Chinese disregard of treaty and contractual obligations, I believe the incident of last September would not have resulted in the present complications. And inasmuch as we are chiefly accountable for the past maintenance of peace in Manchuria, so our reponsibilities in this respect will be enhanced rather than lessened in the future.

No Territorial Designs

"I desire to add a word in this connection and to make clear that Japan harbors no territorial designs in Manchuria and will uphold the principles of the Open Door and equal opportunity and all treaties relating thereto. Japan desires only to secure peace and order in Manchuria and to make the region safe for Chinese and foreigners and open to all for economic development.

In China Proper

"Turning to the conditions in China Proper, anti-Japanese agitation has been carried on there for many years in the past without intermission except brief intervals of comparative calm which were followed by agitations of increased violence and intensity. It should be noted that these agitations represent not only economic movements, as in the case of boycotts against Japanese goods, but bear a psychological aspect, as may be inferred from the insertion of anti-Japanese sentiments in public school text books. However, there exists unmistakable evidence that this movement is actively promoted by unofficial organizations such as various anti-Japanese societies under the direct or indirect guidance and encouragement of the Chinese Government but against the free-will of Chinese merchants and the general public.

Professional Agitators

Besides, not a small number of Chinese actually make a profession of agitating against Japan.

Since the advent of the present situation in Manchuria, the anti-Japanese movement has begun to display unpleasant symptoms and a number of regrettable outrages have been perpetrated. Compared with the complete protection afforded to Chinese nationals by Japan, the indescribable persecution of Japanese nationals in China presents a glaring contrast. The truth is that the foreign relations of China have often been sacrificed to the machinations of her domestic politics during the past years owing to her civil factional strife.

Influence of Domestic Politics

The anti-Japanese movement undoubtedly derives its origin from China's domestic politics. I believe that the hostile attitude of the Manchurian authorities in the period immediately preceding the recent incident is also traceable to the same source. In brief, it is undeniable that China's civil wars or domestic politics have exerted a most harmful influence upon China's foreign relations and Japan, by being her nearest neighbor, has suffered more than others.

Complications

"Thus, unfortunately, Japanese relations with China have come under the influence of the complex internal and external relations of the latter country. It is to be apprehended that some time must elapse before the necessary adjustments can be effected to bring back the relations of the two countries to a normal basis. The Manchurian incident having been caused, we were compelled to resort to immediate self-protective measures, and the anti-Japanese movement is due to misguided views entertained by the Chinese. The solutions of the issues involved, therefore, must await a complete change of heart and reversal of policy on the part of China. However, I am convinced that the Chinese people as a whole, and their enlightened leaders, are not hostile but rather in their hearts amicably disposed towards Japan. We need not entertain over-pessimistic prospects for the restoration of normal Sino-Japanese relations. Undoubtedly, it would be in best interest of the two countries that they should love and respect each other and that friendliness should rule in any strained relationship which is merely a passing phenomenon.

Shock to the League

"The Manchurian Incident, at its outset, caused considerable shock to the League Council and the Assembly which were then in session at Geneva. On September 21, the Chinese delegate requested the Council in accordance with Article XI of the League Covenant to take cognizance of the matter and the question has been officially made the subject of investigation by the League Council. Since then, the Council, has held three sessions and passed two resolutions.

On the other hand, the United States of America, though she is not a member of the League, acted in concert with that body. Evidently because she is a signatory of the Anti-War Pact and the Nine-Powers Treaty America is deeply concerned over the situation

in the Far East. The Japanese Government has exercised its utmost efforts to make clear Japan's position to both the League and America. Although there have been occasions when the present incident seemed to lead Japan to more or less delicate relations with the League and America, we have succeeded by careful and complete presentation of the case in bringing both to a better appreciation of the Japanese position and Japan's vital Manchuria interests.

Satisfaction with U. S. S. R.

"Towards the Soviet Union which steadily holds an impartial attitude and has not interfered with the present affair, I desire to express the satisfaction of the Japanese Government.

Disarmament Conference

"With regard to the Disarmament Conference scheduled for February 2, this Government has formed definite plans and given its instructions accordingly to the Japanese representatives. This most momentous conference, being the first one whose deliberations will cover the entire armament of the whole field involving land, sea and air forces the world is eagerly anticipating its outcome. The Japanese Government will strive to carry its points, but in all events, I earnestly hope the conference will yield tangible results, alike rational and equitable, by which it may contribute to the establishment of permament peace in the world.

"The spirit of progress, which was manifested when Japan was first thrown open, governs, as ever, our national policy. To "seek knowledge in the wide world" as expressed in the oaths taken by the Great Emperor Meiji is a living creed of our people. The ideal of our diplomacy is, while maintaining just Japanese rights to work in harmony with all countries and to give the Japanese nation a share of the benefits of universal culture and enlightenment. It is with that ideal I hope to work and help to promote the interests of the nation and the happiness and welfare of the Japanese people."

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Tokyo Diet Dissolved---General Election to be Held Next Month

The Japanese Cabinet dissolved the Diet at Tokyo, Jan. 21, and a general election will be held Feb. 20, at which the Government will strive to obtain a majority in the lower house. The announcement came shortly after a speech by Mr. Inukai, Premier, who expressed his boundless regret at the occurrence of a certain incident. He also expressed his sincere determination to employ the Government's redoubled efforts for the justification of the Imperial confidence reposed in the Ministry in regard to the untoward episode.

Turning to the situation in Manchuria, the Premier emphasized the Government's policy and intention to repect and enforce the principle of the open door and equal opportunity through the reestablishment of peace and order on a permanent basis in the province, and expressed the Imperial Government's hope for the conversion of the whole province into a haven of good order. He expressed his hearty thanks and respect for the Japanese troops now in Manchuria who had been doing their duty in the extreme cold for the purpose of protecting Japanese rights and interests in Manchuria and also for the purpose of establishing a fundamental relationship between China and Japan which would contribute to permanent peace in the Far East and the whole world.

The Premier, in conclusion, referred to the problems regarding the re-imposition of the gold ban, the cancellation of the tax increase plan, thought guidance and simplification of the administration function.

Finance Minister Takahashi, in his speech in the Diet, reviewed the general financial and economic situation of the country, past and present by way of explanations as to why the present Government had had to pursue its own present policy.

The speaker dwelt on the failure of the preceding Government's financial policy due to the prohibition of gold export and expressed his belief that the suspension of gold export was the only means left for the present Government to cope with the situation, In conclusion, the Finance Minister explained the circumstances in which the Government was compelled to allow gold export to the amount of Yen 50,000,000, at the same time denouncing the preceding Government, which had left such a difficult problem.

Communist Bandits Active in Honan

(From "The Review's" Regular Correspondent)

Kaifeng, Jan. 20.

The number of Communist bandits, on the Honan-Anhuei-Hupeh border, totals 40,000. They have about 20,000 rifles, also an airplane. Their organization runs as follows: Gen. Hsu Hsiang-chien, chief commander of the 4th army corps of the Red army, directs four divisions, viz, the 10th division, under Gen. Yi Chi-liang; the 11th division, under Gen. Wang Hsu-sheng; the 12th division, under Gen. Liu Ying; and the 13th division, under Gen. Hsiao Fang. Gen. Kuang Ki-hsun is the chief commander of the 25th army corps of the Red army.

According to Gen. Chang Fang, commandant of the 20th route army, who has recently been ordered to move his army towards South Honan to suppress the Red army, the number of government troops which have been moved to the Honan-Hupeh-Anhuei border, about 100,000.

The ammunition of the Communist bandits is supplied by the Russians, according to a woman Communist who has been arrested by the Mintuan, or People's army of South Honan. She said that the ammunition is transported by Russian steamers, but transferred to small fishing boats, landed at Wuhsueh, and transported to the Communist lair, passing through Kuang Tien Hsien. The number of such small fishing boats which are bribed by the Reds to transport the ammunition for them is stated to be over 200.

General Yueh Wei-chun, who was captured by the Reds in South Honan a long time ago, is still alive, according to the Red officials who have been arrested by government troops. General Yueh is now kept at a small village, named Sinchichen, in the Kuangshan Hsien region in South Honan, where the chief Soviet Government is established. He is treated like an honorable guest, but compelled to speak on the evils of the militarists when mass meetings are held.

In several hsien in South Honan, which are disturbed by Communists, political affairs have come entirely to a standstill. The daily revenue of each hsien government cannot be more than $10. The heads of the different departments and of the different bureaus under the magistrate cannot even get enough food to feed themselves.

Apart from the Communists, the bandits in South Honan, are also rampant. Their main leaders are Wei Kuo-chu, Li Chang-yu, Tsuei Er-tan and Wang Tai, who possess several thousand men with an equal number of rifles respectively. It is said that they have no connections with the Reds, as the latter are not content with their conduct.

Hard Times for the Magistrates

Due to their squeezing, the magistrates of Huahsien, Tangyin and Anyang, all in North Honan, have recently been detained by the farmers. Chow Peng-nien, magistrate of Anyang, has been turned over to the provincial government here for punishment. The situation in Wuan Hsien, on the Honan-Shansi border, is much more serious. On the night of Jan. 14, about 5,000 farmers gathered together at the magistrate's yamen, and demanded that he publishes his accounts to the public. The latter thereupon became angry and ordered his body-guards to open fire upon the crowd, with the result that eight students were killed and several others seriously injured. The magistrate is still detained by the farmers.

The magistrate of Yung-cheng Hsien in East Honan has committed suicide. He was delected squeezing; he injured his Kuo-chang, or the head of the first department of the hsien government, just before he died.

Lunghai Railway Incidents

On Jan. 12 express train No. 2 from Loyang to Chengchow, on the Lunghai railway, was derailed at Chengchow with the result that five railway employees were seriously injured. It will be recalled that during the past several years, frequent derailing incidents occurred on the Lunghai line due to the decayed wood-ties.

Since the order to prohibit opium issued by the provincial government, more than 20 opium sellers and 60 opium smokers have been arrested by the local public safety bureau.

Several weeks ago the Anti-Japanese Association here instructed the local Mechanical Factory to make 100,000 anti-Japanese badges, which have just been completed. Each one costs 12 coppers. The said association is going to distribute the badges to the public.

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Life Among the Overseas Chinese

BY D. S. KIM.*

EN route to Singapore a Dollar liner happened to be my conveyor. On Dec. 23 last, with necessary travelling outfit, I went down to the Shanghai customs jetty and I found my way easily into a launch with the familiar mark of the almighty dollar on its smoke stack. Thence I was carried to a great liner, the *Pres. Hoover*, in exactly half an hour's time, thinking that I was heading for the sea. But from the dock, after another thirty minutes sailing, to my astonishment the *Pres. Hoover* was passing the Customs jetty again. The Dollar Steamship firm have their own dock far up the river. No wonder Shanghai is such a thriving seaport; that little strip of water is deep enough to handle enormous traffic, even such a giant floating palace.

On board the steamer, I found an American, a college graduate who was scrubbing the deck, telling me that times were very hard in America, despite all the gold hoarded there; that he had struggled to free himself out of the hunger line only to stand at the bread line; but no fellow-countryman of Washington and Lincoln could stand the humiliation of the manner in which the Relief Committee "forced" him to accept their charity. So he had to grab hold of the Dollar line opportunity. Poor chap! He meant well, by this chasing of the goddess of the dollar on a Dollar liner, by the sweat of his brow. He was too honest to utilize his education. He hadn't learnt the technique of cheating his fellowmen with all his college training. Certainly he was not a dollar chaser; he was just hanging on to the Dollar line, doing his bit toward accumulating more dollars by working for Mr. Dollar.

My two days at sea to Hongkong were uneventful, save for the wonderful sunsets and a few silly wireless messages, such as Gandhi rebuking an American parson for throwing so much money into the ocean by calling him over the long distance telephone across the Atlantic that cost him some $125, or about some wisecracks of Will Rogers'. It was a pity that there were no kind-hearted persons to warn Gandhi not to tickle the sleeping Lion too much lest he might wake up.

Hongkong Makes Slow Progress

In Hongkong comparatively slow progress was to be noted since my first visit there some twenty-three years ago. Gamblers on the sidewalks or opium smokers in the back alleyways aroused one to the memory of the bygone days, the days of the Opium War. One does not have to go to the East Side of New York to find tenement houses. If there were any striking changes during the interval of two decades in Hongkong, they were not visible. The numerous cold-water walk-ups along the hillside, the rags dangling out on the drying poles from every alcove, all were there the same as before.

Two years from now, I was informed, Hongkong is going to be a port of saints, minus the gay and fast life. Then the sailors will find Hongkong a dull and cold place in spite of her tropical climate—no more songs and smiles will welcome them back from their long solitary life on the high seas. Hongkong's tenderloin has but a short life before it, so it is said.

Rizal Was Partly Chinese

By sheer luck, our ship reached Manila in time to witness the fiestas to honor the Martyr, Jose Rizal, who was executed on December 30,1896. He was born of Chinese-Spanish-Filipino parentage June 19,1861. It is significant to note that Chinese blood flowed in the veins of this greatest Filipino and the most adored idol of the entire nation. The Philippines are a melting pot of the east, not unlike the United States of America. All nationalities are mingled here. Here is eloquent proof that Kipling once was wrong in his judgment when he said that East and West shall never meet.

Every town in the Archipelago held simultaneous celebrations. The city of Manila as a whole observed the day with mammoth parades, including thirty thousand school children, queen contests, feastings, etc. The whole town turned out, men and women arrayed in every color of rainbow, the most colorful display that one could expect to find in this sunny south. Some patriots wore dragon fly shirts with their national flag design—always carrying two flags, one Filipino, the other American.

The Volstead Act is not necessary for the Filipinos. On this gala day there was no sign of any one being under the influence of Mr. John Barleycorn in the streets of this charming metropolis. Here is another good example that the Filipinos have learned from their Chinese neighbors. The Chinese are in a position to teach the world how to behave themselves after blowing a few bottles.

The Filipino is becoming tired of carrying two flags so long and wishes to discard the one with the Stars and Stripes. An American editor compares the situation to that of a fond parent toward his son. However much that offspring might desire some particular indulgence, the wise father will not give it to him until his mental and physical development so warrants. By the way, a celebrated English queen had waited for her beloved child to reach the ripe old age of sixty before she allowed him a chance to ascend the throne. Perhaps her fond child was not developed mentally and physically until then!

It looks as if the city of Manila might change its name sooner or later, so I would like to suggest that the Filipinos have some names ready for the ultimate change, for instance, Queson or Gomez. That is to say, should they get their complete independence, some one has to be the head of the government as the father of the country like George Washington. Manila, being the capital city, should be named after him.

The Chinese people traded with the Filipinos centuries before the so-called discovery of Magellan. At present seventy-five percent of the domestic trade of the Philippine Islands is in the hands of the Chinese and these Chinese, mostly Fokienese, have rendered great services in contributing to the material progress of the country. Hoping to return some time to relate more about this wonderful and fascinating nation, I had to go on board the steamship *President Hayes*, another Dollar liner en route to Singapore. All the way from Shanghai I patronized this particular steamship company. I rather like that symbol on the smoke stack. After all, I, also, am a dollar chaser. Tell me, who is not one?

In Singapore

After five long days on the billowy sea of the monsoon season, I was, at last, brought into the beautiful harbor of Singapore. While the steamship *Pres. Hayes* was being made fast at the dock, out of a canoe fleet nearby a boy with rather dark complexion hurled his gleaming body into the water desperately as if he had no desire of continuing his existence in this troublesome world of ours. I was aghast at the pitiful sight and was on the point of holloaing "help", when he emerged from the water lithely and crawled into his discarded vessel like a frog, grinning all over himself in triumph, telling the world that he was not born with a silver spoon in his mouth but, at the moment, he had that precious metal in another form. He held up high his trophy,—a shining Manila dollar. He was a dollar chaser in the real sense of the word!

Some thirty Chinese, the erstwhile crew of the *Pres. Adams*, were brought back to land in such a rough way that I had quite a difficult time to keep myself from bursting out. About twenty Malayan policemen under a few English officials escorted the gang down while an equally strong body of Sikh soldiers, fully armed with rifles, surrounded two police trucks awaiting on the dock to offer them a sure free ride to the place where they would be provided with free board. Singapore was certainly a free port for them. To have a free ride in a free port is not free for any one except for those who are tinted, not the color of the skin, but of the thought. Perhaps Marx and Lennin are totally unknown names in the Straits.

A large throng gathered around to watch the tinted Chinese hauled away on the free wagon. I never saw any group of human beings so gorgeously colorful, from snow white to jet black, so impressively spectacular. Some had those Turkish hats on their close-shaven crowns. Their looks, and attire were quite fantastic. The majority of them wore some sort of maillots or skirts long down to their bare feet. The entire scene was nothing short of a mirage to me. After witnessing those queer men-folks wearing skirts, one never can say "I'd like anybody with skirts on" again.

On driving through the main street of Singapore I could not fail to note the fact that the English kept order in the country while the Chinese worked, steadily, without halt, from the humblest callings up. They kept themselves busy in all branches of business life, but had no political power. Singapore has virtually become a Chinese town—minus the Chinese flag.

I found myself in the midst of the Chinese activities. It has been hundreds of years since the Chinese pioneers, mostly from Fukien and Kuangtung Provinces, wandered

*The writer is a Korean journalist, who recently passed through Shanghai en route to the Straits Settlements and surrounding neighborhood. These notes were written at Singapore, January 5.

about in search of the land of promise. Today the fruits of their toil and preseverance have crystallized in the wonderful accomplishments of their beloved offspring, these Overseas Chinese. They have not only opened up the land of their adoption and thus contributed their services for the welfare and progress of the world at large, but made the Chinese revolution possible. Dr. Sun Yat-sen had no better supporters than these patriotic Overseas Chinese. I alighted in the nick of time to witness the biggest show the Singaporeans had ever launched; the Singapore Manufacturers' Exhibition was in full swing.

Singapore Manufacturers' Exhibition

It was opened Jan. 2 to 10 on the premises of the new Federated Malay States Terminal Station, a beautiful building. I lost no time and rushed into the Exhibition to lose myself among the multitude of human varieties. These tropical fumes taxed my nostrils mercilessly. I paid twenty cents of my good money to enter, only to be roasted, jammed and sweated. A Turkish bath had nothing on this. When I got through with my wanderings around the stalls, I was drenched with sweat. It was certainly a melting pot.

However, the Exhibition was a pronounced success. Singapore was surprised by the revelation of the wide range and importance of local industry. There were over 90 exhibitors representing more than 30 different trades, machinery, rubber products, biscuits, pineapples, building materials, furnitures, shoe-making, leather goods, tiles, aluminum, cigars and cigarettes, concrete pipes, hats, pottery, matches, hardware, oil products, aerated water, etc. It was not labeled as a Chinese fair, but all the same exhibitors were almost all Chinese. The captains of industry were those Overseas Chinese. For instance, a man like Lee Kim Soo, born in Singapore 45 years ago, started business as an estate supply merchant and general commission agent, subsquently extending into the field of manufacture, embracing such lines as matches, potteries, flooring titles, nails, etc.

Then such business magnates as Messrs. Aw Boon Haw and Aw Boon Par put out the famous Tiger Balm from Eng Ann Tong, Tiger Medical Hall; Tan Kah Kee, the most widely known rubber man markets his goods all over the world through his 80 odd branches. Prominent also are the Lee Pineapple Company, Chung Heng Noodles Company, Ho Ho Biscuits Factory, T. Y. Kiat & Company and The Peoples Rubber Goods Manufactory, the oldest established Chinese firm for the manufacture of rubber goods in Singapore. Besides these exhibitors there were thousands of other successful men, unheralded millionaires among the Overseas Chinese.

Manchester *Guardian* Discusses "Bandits"

When is a soldier not a soldier? This is the new conundrum which the *Manchester Guardian* caustically propounded in an editorial in its Jan. 21 issue when referring to the Japanese complaints of attacks by bandits in Manchuria.

The editorial acts as a curtainraiser to a series of four long articles on the "League and Manchuria" by a "Student of the League," the first of which published on the morning of Jan. 21 was distinctly unfavorable to Japan.

The answer to the conundrum, when is a soldier not a soldier? seems to be, the *Manchester Guardian* says, "when he is a Chinese who has neglected to take the technical precaution of declaring war on you. He then becomes merely a low bandit."

In the light of what we know now, however, the *Guardian* continues, the world should be able to decide quite easily who are the real "bandits" in Manchuria to-day.

In conclusion, the editorial expresses the opinion that Japan has inflicted a wound on the world body politic which will not easily heal.

Gandhi's Son Imprisoned

Mahatma Gandhi's third son Ramdas, who was arrested at Haripura last week, was sentenced on Jan. 21 to 18 months' rigorous imprisonment. He was charged with fomenting civil disobedience. Three members of the Gandhi family are now being maintained at the expense of the Indian Government—the Mahatma himself, his wife, and now their son.

The "No Gold Export" campaign at Bombay has now extended picketing activities to banks interested in the export of gold from India.

Three British banks in Bombay are being picketed.

At Calcutta a bomb was thrown at a car in which Mr. Quinton, District Magistrate at Holrah, was travelling on the morning of January 22. Mr. Quinton was not injured and no damage was done.

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Bondholders' Delirium

BY B. Y. LEE (李炳部)

CHINESE Government bonds, yielding high returns with good security, are first-class investments in ordinary times, but confidence is shaken when the country is threatened with civil war or foreign aggression or a radical change of the government. Foreign investment experts tell us that high interest returns from stocks and bonds mean unsafe investments, but this theory is only partially true in China. Even when the country is at peace, the domestic national bonds bought at the current price yield more than 20% per year, and since the occupation of Manchuria by the Japanese on September 19 last year, the market prices of these allegedly sound and desirable investments have been at a ridiculously low level, from 30% to 40% of their face value, yielding from 40% to 60% return per annum on capital invested. Ten months ago these bonds were sold at 70% to 80% of their face value and to-day they are sold at less half the former prices. This low level of prices means that the public confidence in the Government's ability to pay its obligations has been shaken. Is it due to fear that obligations will be repudiated, or that resources may become exhausted? It remains to be seen.

The total amount of domestic bonds, according to the chairman of the Chinese Bankers' Association, is approximately $800,000,000, and $14,000,000 monthly is required for the repayment of the capital and the payment of interest. Chinese banks, a majority of them located in Shanghai, at present hold bonds to the amount of $200,000,000. The bonds held by merchants and other investors amount to $520,000,000, and the rest are in the hands of foreign investors, amounting to $80,000,000. It is said a foreign syndicate several months ago bought more than $20,000,000 of the domestic bonds at their face value, and a French institution has about $10,000,000 worth of these bonds on hand.

There has been much excitement and alarm among the Chinese bondholders, particularly among these who have invested heavily in bonds and depend either partly or entirely upon the coupons of these bonds as a source of livelihood. Thousands of investors in bonds are now facing bankruptcy, due to the depreciation of these securities. In ordinary times Chinese bankers accept on mortgage these bonds at a very low rates of interest, from 9 to 10% per annum, to the extent of 60% of their market prices, but since the Manchurian affair, the bankers have refused such loans and in many cases the mortgagees have been forced to sell their holdings at the current market price on account of insufficient margin money. During the past four months the prices of the various issues of domestic bonds have declined almost in a straight line and every holder and buyer is in a bad shape, and more recently a proposed moratorium has added more alarm in the bond market. Consequently the bond investors are more nervous than before.

The Various Forms of Security

Chinese domestic bonds are secured on Customs revenues, on receipts from salt, tobacco and what is called the Consoliated taxes. The latter come from taxes on cotton yarn, cement, matches and flour. According to the latest report the customs revenue of 1931 was 240 million Haikwan Taels or about $350,000,000, and the salt revenue for the same year was $165,000,000. The total receipts from tobacco and consolidated taxes amount to about $8,000,000 a month. The total receipts from the above taxes amount to about $600,000,000 a year. The amount required for amortization payments of these securities is about $14,000,000 a month. On the surface, it seems these is nothing to worry about as regards the payments of these bonds if all of these taxes go to the coffers of the Central Government. And besides, about a half of there total receipts is required to meet foreign obligations, thus leaving about $200,000,000 for Nanking. The amount required to carry on the Government is stated to be around $22,000,000 per month. From these figures it is seen that the Central Government is in a state of financial bankruptcy and its obligations can not possibly be met without devising some means to reduce the amount of the government administrative expenditures or to obtain temporary relief from Shanghai Chinese bankers.

Excessive Bond Issues

The curse of the financial bankruptcy of the government has its root in the past. Militarism is the chief cause, and the evil of Chinese militarism is self-evident. The reckless and large-scale issue of domestic bonds of the past few years is a funeral to the new Regime. In 1931 alone, the Government issued bonds to the face value of nearly $400,000,000. At the time when these bonds were issued, no thoughts were given to future consequences. The issuing of bonds was considered one thing and the piling of debts for our grand-children to pay was another. Where the money that was obtained from these bonds went, was and still is a mystery to the public. It is a well-known fact that a large quantity of these bonds was sold at the Bond Exchange in Shanghai at a very low price, and due to the high yieldings of these securities, the investors, both Chinese and foreigners, bought heavily with a hope to make some "easy money". In the bond market, "the blind lead the blind" so to speak as everybody was buying and few investors ever took the trouble to scrutinize what might happen in future so long as the present conditions seemed favorable. Now the cover is lifted and the real financial conditions are laid open before us. The investors complain and murmur that they have been deceived and ensnared by the high yieldings of these bonds. Now the theory that "five percent beats six per cent" every time is correct. Now the Government can not make two ends meet, so public confidence is waning. The investors now ask themselves: Can the Government afford to lose its "face"? Will a moratorium be declared? This is a question only Nanking can answer.

A moratorium means borrowing without paying, at least for the time being. It means to destroy the Government's credit, both at home and abroad. When the Kuomintang got into power a few years ago, it denounced borrowing from abroad. So far so good. The Government began borrowing at home. The people became enthusiastic in regard to this new policy. Many believed it would free the Chinese people from foreign financial control in China. They bought the domestic bonds, partly due to a patriotic "urge" and partly for economic reasons. They have now learnt that the Government may soon declare a moratorium, and that thus their fortune would be reduced to ashes; their patriotism might in this respect clean up their pocket-books. During the past few months, on account of the decline of prices of domestic bonds two local Chinese banks, which bought these securities heavily, went into bankruptcy, and several native banks are already in a bad shape. Practically all the financial institutions in Shanghai made an enormous profit on the domestic bonds during the past few years, and this is a reason why they are able to pay high interest rates on fixed deposits. A heavy decline in prices of bonds has caused the withdrawal of deposits from the local Chinese banks—which makes the money market tight.

Bankers Oppose Moratorium

A moratorium is strongly opposed by all walks of life, especially the bankers. They have put in the strongest possible protests against it, emphasizing the incalculable injury that would be done to China's foreign and domestic credit, and the disastrous consequences to the banks themselves. The strongest possible representations have been made to the New Regime, urging it above all else to honor its bonded obligations; and for the sake of its own continuance the Nanking administration simply cannot afford to default. Some other way must be sought after to relieve the financial stringency. How can the Government raise any more loans in the future if the present obligations are not honored? A moratorium is a poor business policy. No business can prosper without the use of credit. No government can be stable without winning the confidence of its people. The present Regime will be doomed if it antagonizes the banks and commercial men of Shanghai, who are holders of the domestic bonds.

The retention of revenues belonging to the Central Government by the various provincial authorities is a great obstacle to solving financial problem. The foreign obligations have to be met; the Government machinery has to function, but there are no funds available. If the moratorium goes into effect, the doors of Shanghai's banking institutions will be closed against the Government indefinitely. With an empty treasury, then, and the machinery of taxation in a state of uncertain dependability, the Government faces bankruptcy. The nation's credit would collapse. The loss to foreign and home capital would be considerable. The bankers' financial assistance is needed; a compromise plan should be adopted in order to enable the present Regime to carry out its administrative work and at the same time to lessen the hardships on the bondholders. A suitable plan that would help to release a substantial sum for administrative purposes during the current year and satisfy the bondholders is warmly welcomed.

Practically all the bonds and treasury notes issued by the National Government during the past few years bear

from seven to eight per mille per mensen. The interest rate is considered rather too high. All national bonds issued by other countries bear a very low rate of interest. To get something back is better than to get nothing. Since the Government is unable to pay its obligations in full according to the original promise why not have the interest rate of the outstanding bonds be reduced to, say 6% per annum instead of seven to eight per mille per mensen? This plan would save the Government a couple million dollars a month. A second step, which should be resorted to only in case of extreme need, would be to add a few more years to the term originally decreed, that is, for example,the life of an issue, say the 20th year Tobacco Bond, has 65 months yet to run. At present the monthly payment of principal on this bond is $1.10 per $100 face value. Suppose we prolong the life of the bond to 130 months with a monthly payment of principal of 55 cents per $100 face value instead of $1.10 and the interest is reduced from seven per menson to five. The Government now has to pay $14,000,000 a month to meet all its domestic bond obligations, and according to the above plans, the monthly payment would be reduced to about $8,000,000, which would be quite satisfactory to the Government and the bondholders.

Many effective methods have been suggested similar to these mentioned above, which may solve the present financial stringency of the Government. We all know that the new Government would not have recourse to a moratorium, if there is a way out of the present financial difficulty. The bondholders, too, should not press the new Government so hard as to demand that all the obligations be met in full, without some thoughtful consideration. The financial difficulties of the new Government are not due to its own fault; the seed was planted long before it came into existence. Co-operation is needed to save the situation; evidently this is the direction which the local bankers are aiming granting further financial assistance to the Government to assist in meeting urgent obligations.

Shanghai, Jan. 25, 1932.

Nanking Government Makes Provision for Payment of Loan Obligations

In order to ensure continued and unimpaired service of the Chinese Government's domestic loan obligations, the Ministry of Finance Jan. 23 issued separate orders to the Inspector-General of Customs, the Chief Inspectorate of Salt Revenue, and the Consolidated Tax Administration, instructing that sinking funds earmarked for the service of various domestic loans secured on the customs, salt and consolidated tax revenues shall, as heretofore, be paid over regularly to the Sinking Fund Commission for custody and that such payments shall under no circumstances be reduced, delayed or otherwise defaulted.

Japanese Minister Due Back Here End of Week

Having been ordered by the Japanese Foreign Office authorities to return to his post in China, in view of the growing seriousness of the situation in Shanghai, Mamoru Shigemitsu, Japanese Minister to China, was due to leave Tokyo for Shanghai on January 28, arriving at Shanghai four days later. Major General K. Tashiro, Japanese Military Attache to the Legation in China, is also returning to Shanghai by the same steamer with Mr. Shigemitsu.

Mr. Funatsu, Director General of the Japanese Cotton Millowners Association in China, who was present at a committee meeting of the Association which was held in Osaka and at which an important resolution was passed concerning the unanimous closure of Japanese cotton mills in Shanghai, is also expected to return to Shanghai at the same time.

League Council Reassembles at Geneva

The Council of the League of Nations assembled at Geneva January 25. Among those present were Dr. W. W. Yen, Chinese Minister at Washington, who has succeeded Dr. Alfred Sze as China's representative, and Mr. Sato, the Japanese Ambassador to Belgium, who has succeeded Mr. Yoshizawa, (who has since become Japanese Foreign Minister.) The League has the difficult problem before it of dealing with a situation where Japan is in control from Mukden to Shanhaikwan and threatening to invade the Shanghai area.

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No. 2

In the Fields of Finance and Reconstruction

Nanking to Build River Ferry With Boxer Refund, Agreement Reached

Definite agreement is reported to have been reached between the Ministry of Railway and the Board of Trustees in charge of the British Boxer Indemnity Refund for a loan of £400,000 for the construction of a railway ferry across the Yangtsze River connecting Pukow with Hsiakwan, Nanking. The agreement stipulates that materials for the ferry are to be imported from Britain.

Work on Gunboats at Kiangnan Dock Progresses

Work on the two new gunboats, "Kiangning" and "Haning" at the Kiangnan Dock is progressing and is due to be completed next June, while work on a third began a few weeks ago. Three gunboats are identical in construction and armaments, being each 128 feet long, 28 feet wide, with a tonnage of 300 tons and a draft of 6 feet. They will have a speed of 11 knots an hour. Besides being armed with two 30-inch guns and four machine-guns, they will also be equipped with short-wave and long-wave wireless apparatus. The cost for each boat is ₮150,000.

Hankow-Laohokow Airline Inaugurated January 19

The Hankow-Laohokow section of the Hankow-Sian Airway was formally inaugurated on January 19, it was announced by a *Kuo Min* dispatch from Nanking. A trial flight on the Hankow-Sian airline was undertaken early this month as far as Laohokow, northern Hupeh. This section constitutes one-half of the entire route. With the advent of Spring, the report states that a trial fight on the other section will be made, after which the entire service will be in operation.

Overseas Chinese to Finance Extension of Fukien Railway

A project for the extension of the Amoy-Lungchi Railway northwestward to Lungyen has been formulated by a group of overseas Chinese who recently retuned to Fukien from abroad. Aiming at the development of the rich coal deposits near Lungyen, these overseas capitalists have formed a syndicate with an initial capital of $20,000,000 for the extension of the Railway, which will furnish the necessary transportation facilities to the sea. The extension will cover approximately 35 miles of the entire Amoy-Lungyen Railway.

Early Completion of Kansu-Sinkiang Highway Urged By Nanking

According to a *Kuo Min* report from Nanking, the Ministry of Railways, in an order to Sinking Provincial Government, urges the early completion of the Tihua-Hsinghsinghsia section of the Kansu-Sinkiang National Highway, This section covers a distance of about 315 miles, part of which, running from Tihua (capital of Sinkiang) to Hami has already been completed. Only 115 miles of the highway in Sinkiang extending from Hami to Hsinghsinghsia (Gorilla Pass), of the Sinkiang-Kansu border, need be constructed to finish the section. It is believed that this part of the highway, when completed, will furnish an important artery for communications between the interior and the North-west.

Canton to Retain Portion of Customs Surplus for Army Pay

According to a *Reuter* dispatch from Canton, the Finance Commissioner of Kwangtung Provincial Government, Mr. Feng Cho-wan, announced that the National Government at Nanking has agreed to the allotment of a portion of the Canton Customs for use of the Kwangtung Provincial Government. The dispatch states that about $2,200,000 is obtainable every month from the Customs surplus and since the establishment of the Canton Nationalist Government last June, that sum has been retained by the local authorities. It is stated that Canton still needs this sum for the maintenance of the armies of Kwangtung and Kwangsi engaged in bandit and communist suppression and as a sinking fund to repay military bonds floated since 1926 by the successive administrations of Gen. Li Chin-sen and Chen Ming-shu.

Committees Appointed to Work on 5-Year Industrial Scheme

Five sub-committees will be created by the Planning Committee of the Ministry of Industries to draft plans for the realization of the Ministry's Five-Year Industrial Plan, according to a decision of the Committee at its first meeting on Jan. 20. The sub-committees will deal with agricultural, forestry, industry, commerce and mining respectively. The Ministry is also hastening preparations for the establishment of a factory for the manufacture of ammonia sulphate, following completion of investigations conducted by the Ministry's experts in Anhwei regarding sources of raw materials obtainable there. The site of the factory is tentatively fixed at Wuhu.

Gigantic Water Power Project Planned at Ichang by Industry Ministry

According to a *Reuter* dispatch from Nanking, the Ministry of Industries has announced that a gigantic water power project at an estimated cost of $15,000,000 will be constructed at Ichang in Hupeh within three years. Minister Chen Kung-po has already authorised the construction of a $40,000 kilowatt hydro-electric power plant at Ichang as part of the Five Year Industrial plan for the development of the Yang-tsze Valley. According to experts, the flow of water in the Ichang gorge was recorded as 800,000 cubic feet per second last October and it is estimated that horse power to the total of 22,000,000 can be developed there. The 40,000 kilowatt station at Ichang will first be constructed utilizing 56,000 horse power of what is now available.

$2,000,000 Building Project Planned by Wing On Company in Hongkong

To mark the 25th anniversary of its establishment and to demonstrate its colossal growth over that period, the Wing On Company in Hongkong is embarking upon an ambitions building project, estimated to cost more than $2,000,000. This magnificent new building, construction on which is to commence in the latter part of this year, will rise on the existing site of the Company's stores, forming a homogenous block of 30 shop spaces, of which half front on Des Voeux Road Central and the other half on the waterfront. It is planned that the building will be ten-storey in height, decision of which is still pending approval of the Colonial Authorities, and thus confer the distinction to the structure as being the tallest building in Hongkong. The new block, when completed, will have a length of 240 feet and a depth of 160 feet and an area of 38,000 square feet.

Industrial Plan Calls for Opening of Iron-Steel Works and Power Plants

As initial steps towards the realization of the recently-announced 5-Year Industrial Plan, Mr. Chen Kung-po, Minister of Industries, declares that plans are afoot for the opening of a large-scale Iron and Steel works and the construction of a power plant with a generating capacity of 20,000 kilowatts in the near future. The site of the power plant has been tentatively fixed at Nanchang in Kiangsi, where the enormous water power of the Upper Reaches of the Yangtsze River can be utilized for the generating of electricity. Minister Chen also announced that several American experts have already been invited to China to make the necessary preliminary surveys for the opening of the plant, while the German interests have also been approached for the financing of the project. At the same time, the Ministry of Industries has submitted to the Executive Yuan a plan for the opening of a huge iron and steel works which it is reported has already been approved.

Minister Chen's industrial scheme aims at the building up of a manufacturing center in the rich basin of the Yangtsze Valley. A network of railways will also be constructed in order to facilitate the development of this center. According to his present plans, the 5-Year Industrial Plan will be carried out within three periods, that is, (1). investigation and surveying in the first year; (2). planning and construction in the second year; and (3) expansion within the fourth and fifth years. The Ministry is working in close co-operation with the Ministry of Railways, the National Reconstruction Commission and the Yangtsze River Conservancy Board for the realization of the Plan.

New French Municipal Council Headquarters in Tientsin Completed

By far the most beautiful building in North China, the new headquarters of the French Municipal Council of Tientsin on Rue Verdun has been completed, according to a report in the *China Press*. The new building is an imposing and impressive structure, architectural plans for which were executed by Mr. L. Mendelssohn, well-known young French architect. The exterior of the building is in French Ionic style and facade is featured in delicate pink which presents a sharp, but pleasant contrast with the usual color of red blue and red bricks as most of the buildings are in the city. The front steps are of marble, and so is the main staircase, in various well-matched colors. The length of the building is 300 feet, all of reinforced concrete, with the fine facades executed in imitation Vosages mountain stone. The right wing contains the offices and the left wing the apartments. The interior of the building is also one hundred per cent modern and very tastefully decorated.

Bankers Agree to Finance Government to Tide Over Difficulties

According to a *Kuo Min* dispatch from Nanking, The Chinese banking interests in Shanghai have definitely agreed to advance the Government a minimum of $8,500,000 monthly for two months in order to tide over the present financial difficuties. By this arrangement, the immediate difficulties facing the present Nanking administration will be overcome. In the same connection, it is reported in the *China Press* on Jan. 23 that upon further assurances of the Government's determination to do everything to stablize the domestic bonds and treasury notes, the local bankers at a recent meeting with Finance Minister Huang, Han-liang, consented to raise the sum of loan to $8,000,000 per month and final settlement has already been reached. During previous negotiations, the bankers agreed to advance only $5,000,000 per month for two months, while the Government insisted on the sum of $10,000,000. Apparently compromise has been reached, when the bankers finally consent to raise their offer to $8,000,000. per month.

Auto Palace Building New Premises at Cost of ₮500,000

Representing an investment of more than ₮500,000, the Auto Palace Company, Ltd., one of Shanghai's foremost firms of automobile dealers is building a new home on the corner of Rue Bourgeat and Route Cardinal Mercier in the French Concession. The Auto Palace's new headquarters, when completed, will include the Company's executive offices, showrooms, service station, body building, and repair units, and in addition will have storage space for probably 300 motor cars. Occupying a site of more than six mow in area opposite the Cercle Sprotif Francais, with a frontage on Rue Bourgeat of 228 feet and on Route Cardinal Mercier of 104 feet and with a showroom on the corner giving additional road frontage of 40 feet, the new premises of the Auto Palace Company will be the most up-to-date and the largest garage building in the city. Work on the foundations of the new structure and driving of piles started December last and have been completed, while construction work now under way will be finished by the beginning of May.

Silk Industry Verges on Bankruptcy as Business Depression Intensifies

Due to the continued and wide-spread business depression, the Chinese silk industry is passing through one of the most criticial periods in its history and is practically hovering on the brink of bankruptcy, declared Mr. Shen Hua-cheng, chairman of the Association of Chinese Silk Manufacturers. According to Mr. Shen, at present each bale of raw silk costs between 1,050 and 1,150 taels. The current price obtainable for raw silk in America is about one dollar and 70 cents per pound. At this price, each bale will bring about 720 taels. As a consequence, practically no silk is being exported and most of the stock is being mortgaged in local banks. The industry has been benefited by the Government Silk Bonds to the extent of $4,000,000. But This amount is insufficient to relieve the situation. At present, only ten factories are running on a reduced scale in Greater Shanghai area. These ten establishments represent less than ten per cent of the silk industry in the entire Municipality. After the coming lunar year, it is doubtful whether these will be able to continue their operation. Further aggravating the situation, the present unsettled political condition has dealt a still more serious blow to the silk industry. If the situation does not improve, wholesale bankruptcy of the industry is threatened.

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Customs Receipts for 1931 Record Increase of $64,000,000

Customs revenue of the National Government for 1931 amounted in round figures to Hk. $246,000,000, showing an increase of H. $64,000,000 over the collections of 1930, according to a statistical statement just issued by the Inspector-General of Customs. The revenue collected last year at the principal ports shows an all-round increase with one exception—Antung, where collections recorded a decrease of Hk. $452,000 in 1931 as compared with the previous year. The port of Shanghai continues to hold its premier position as the center of trade, and more than half the total revenue of the Maritime Customs in import and export duties and tonnage dues was collected in this port. Last year's collections in Shanghai amounted to Hk. $124,536,000, an increase over the previous year's collections of $37,890,000, which is, in itself, more than the total collections at any other two ports in China combined. The statement also points out that all Customs obligations in regard to foreign and domestic loans were met or provided for in full during the year under review. In this connection, it is interesting to note that the Inspector-General of Customs, in another statement, denied the recent reports that the Customs revenue of Liangkwang provinces are being still withheld by the Canton authorities. The statement states that ports concerned have resumed regular remittances as heretofore as from January I.

Bonds Drawings to Be Held as Usual, Moratorium Proposal Dropped

As the proposal to declare a moratorium on domestic bonds payments has been definitely dropped, the Ministry of Finance has announced that public drawings for redemption of principal and payment of interest on the following domestic loans, falling due within the current month, will be held as usual at the Shanghai Bankers' Association:

18th Year Troop Disbandment Loan,
Customs 2½% Surtax Treasury-Notes,
Rolled Tobacco Treasury-Notes,
18th Year Customs Surplus Treasury-Notes,
Military Disbandment Treasury-Notes,
19th Year Customs Surplus Treasury-Notes,
19th Year Rolled Tobacco Treasury-Notes,
Short-Term Rehabilitation Loan,
20th Year Rolled Tobacco Treasury-Notes,
20th Year Customs Surplus Treasury-Notes,
20th Year Consolidated Tax Treasury-Notes,
20th Year Salt Tax Treasury-Notes.

The total amount of interest and redemption payments which will be met this month is $16,489,780. The sinking fund for the service of these loans is under the custody of the Customs 2½% Surtax Treasury-Notes Sinking Fund Committee.

Nanking Forges Ahead with Construction Despite Difficulties

Despite political upheavels and financial difficulties considerable material progress has been achieved in Nanking during the past few years. At present, the Capital city boasts of a total of 110,000 square feet of asphalt roads, the longest and best of which is the grand Chunshan Memorial Highway built in 1928 at a total cost of $1,290,000. In order to solve the water supply problem, a huge modern water works for the Capital has been under construction for over two years and will be completed by early part of this year. New Government quarters which have been built in the past few years include the stately auditorium of the Central Party Headquarters at a cost of $220,000; the conference building of the National Government, built at $1,000,000; the Central Post Office Building (still under construction) at a cost of $1,000,000 and the school for the descendants of revolutionary martyrs at the cost of $250,000. Among other government buildings which have also been completed are: the new office of the National Reconstruction Commission, the headquarters of the Executive *Yuan* and Judicial *Yuan*, the new campus of the Central University and the headquarters of the Officers Moral Endeavor Association. Construction work on the new Ministry of Foreign Affairs building is also progressing and is expected to be completed within this year. For the construction of a meteorological station on the peak of the Tzechin Mountain, a sum of $400,000 has been earmarked, of which, $30,000 will be used for the building of roads leading to the station and the remaining amount for purchase of equipment from abroad and other necessary provisions for the station.

Sun Fo and Eugene Chen Resign Nanking Posts

Sun Fo, president of the Executive Yuan, and Eugene Chen, Minister of Foreign Affairs, came down to Shanghai from Nanking beginning of the week, bringing along with them their personal belongings. Both of them sent telegrams to Nanking resigning their respective posts, shortly after their arrival here. Both Messrs. Sun and Chen gave as their reasons for resigning that they did not agree with the policy vis-a-vis the Japanese which was being followed by General Chiang Kai-shek, who with Mr. Wang Ching-wei, leader of the Left Wing, arrived in Nanking last week. Mr. Chen has recently been advocating a severance of diplomatic relations with Japan, with a view thereby to forcing a summoning of a conference under the Nine-Power treaty.

Bank of China to Convert Domestic Bonds Into Gold Bonds

The Bank of China has decided to convert its domestic bonds and treasury bills into gold bonds, first class bankers' bills and title deeds, it is announced by the Bank in a statement addressed to its Reserves Inspection Committee. In brief, the statement states that in the past, the Bank has already followed a very conservative policy regarding reserves against its note issue and has employed as part of the 40 per cent security reserve a proportion of the Government bonds. In view of the fluctuations in the value of these bonds and treasury bills, the Bank considers that these securities are far from being satisfactory as collateral reserves. Accordingly, in accordance with its usual conservation policy, it has decided to replace, as security for its 40 per cent collateral reserves, these bonds, treasury bills, so long as their value continues to fluctuate abnormally, with gold bonds and domestic bonds secured on the Russian and German Indemnity funds, first class bankers' bills and title deeds.

The total note issue of the Bank of China outstanding on January 11, 1932 amounts to $122,351,055.00. After deducting $29,681,824.00 for notes issued through other banks the amount issued by the Bank is $92,669,219.00. Taking $37,067,692,40 as 40 per cent collateral reserves, this leaves a cash surplus of $11,413.21.

The above statement reveals the positions of the note issue of the Bank of China after effecting the change of collateral reserves.

Nanking Enforces Strict Economy to Curtail Expenditure

In order to surmount the present financial difficulties, the National Government has decided to enforce a drastic retrenchment program in both the Central Government Organs and the various Provincial and Municipal Governments. At a recent meeting of the Special Emergency Committee of the Central Political Council, decision was reached that for the next six months, appropriations for the Yuans, Ministries and Commissions under the Government shall be cut down to 50 per cent of their normal figure. All unnecessary Central Government Organs shall either be abolished or amalgamated. Appropriations for the Central Party Headquarters are also to be similarly reduced for a period of six months. All Chinese Legations or Consulates which are not absolutely necessary, shall either be amalgamated or closed. The decision also enjoins that all Provincial and Municipal Governments to enforce strict economy and reduce their expenditures to the lowest possible limit.

Consequent upon these decisions, Nanking report states that drastic reduction of staff in all Ministries under the Executive Yuan is being undertaken. Out of a total of over 10,000 staff members of the various ministries and their subsidiary organs, one-third will be relieved of their posts. Over twenty superfluous organs will also be abolished or amalgamated with others. On the other hand, those retained in office will have their salaries reduced generally according to their ranks by 50 percent; by 40 percent and by 20 percent. Allowances and subsidies will be discontinued. Notable among these organs affected is the Treaty Revision Commission of the Ministry of Foreign Affairs, which is being abolished altogether.

As regards military expenditures, it is learned that decision has also been made by the Government leaders to reduce the standing national army to 80 divisions. These divisions will be divided into two classes, namely, "A" and "B." Each division of Class "A" is to receive a monthly appropriation of $160,000, while a Class "B" division will be given $120,000 per month. It is estimated that a total of approximately $6,000,000 in military expenditure may thus be saved and utilized for some other profitable purposes.

A Warning to the New Government

BY JAMES SHEN

AFTER a considerable procrastination, against the increasing anxiety as well as the diminishing patience of the people, the two opposing cliques of the Kuomintang, the Nanking and the Canton regimes, have finally come to form what they call a united government at Nanking. Mr. Lin Sen, a veteran party leader, has been chosen the chairman of the government, succeeding General Chiang Kai-shek.

It is really sad to reflect that it should take a foreign invasion to bring the politicians of this country back to their senses, which, apparently, have been lost for some time in their seeking for aggrandizement and selfish interests at the expense of the national prestige and vitality. Nevertheless, there is really something new in the recent shift, having regard to the fact that this is a rare occasion in Chinese political history in which a revolution, or, to put it more mildly, a change of government, has been effected without bloodshed and with a certain amount of cordiality, in face at least, between the incoming and outgoing office holders.

In this connection, credit is due to General Chiang Kai-shek, for his statesmanship. Should he choose to resist the change, he will still have ample means to do so. Of course, it will be against the public will of the people. Therefore, it will be a wrong conception, if the Cantonese clique would believe that it was their political victory. As a matter of fact, this change has been brought about by the demands of public opinion and the willingness of the Nanking regime to vacate the office. Losing sight of this point of view, the new administration will only breed sinister consequences in the long run.

The new government has also made a radical change in the so-called organic law, recently promulgated by the party. The power of the chairman of the government under the dictatorship of General Chiang Kai-shek, saw its highest pitch. This has undoubtedly formed one of the chief arguments of the Canton clique against the last Chiang, or Nanking government. The system of concentrating the power in the hand of the chairman has now been discarded in favor of a sort of responsible cabinet system, allowing more power to the five Yuans or councils. The Kuomintang Central Executive Committee still retains its power of deciding upon major issues of the state. According to the Kuomintang's self-pronounced theory, the people have already designated their political power to the Party, pending the adoption of a constitution. The people are really not very much interested in such change of system. The form of government, to the man in the street, is immaterial. What actually counts for or against the merit of a government is its service and efficiency.

While it will be unfair to criticize a new government before a chance is given it to do its best, the people can not but feel somewhat exasperated at the feebleness of the new government in Nanking. Chiang Kai-shek, Hu Han-min and Wang Ching-wei,who constitute the Central Political Council, which, in the Kuomintang organization, is the highest organ when the Central Executive Committee is not in session, are still absent from their responsibility, this necessarily compromises the strength of the government. These three leaders, who are really the guiding spirits behind the new government, should, therefore, lose no time to assume the high trust of the party. If they are not available, the party should select others, or withdraw from activity so as to allow other non-Kuomintang members a chance to assume the government of the country.

Now it is time for the politicians and military leaders to show their oft-advertised patriotism and assume their responsibility at once. Should they be unable to do so because of personal differences, they should give in to abler hands.

It will be not amiss to warn the Kuomintang and the present authorities that this may be the last chance for them to prove their avowed worth. If they fail to make good this time, the people, now losing patience, will have to come out sooner to demand for the restoration of political rights so long usurped by the party.

Peiping, January 17, 1932.

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DIALLING TONE
(Steady humming sound).
Means "you can make your call...."

RINGING TONE
(Intermittent burr-rr-ing sound)
Means "you are through, but the other subscriber has not yet lifted receiver...."

JUST WAIT FOR THE REPLY

BUSY TONE
(A rapid Buzz-Buzz-Buzz)
Means "line engaged."

REPLACE RECEIVER AND WAIT AWHILE.
You may not reasonably expect to interrupt another's conversation.

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SOCONY
FOR
UNFAILING
DEPENDABILITY
GASOLINE

New Books of Interest in the Far East

The Real Rulers of America

Concentration of Control in American Industry, by Harry W. Laidler, Ph. D. New York: Thomas Y. Crowell Company.

Is the economic system of the United States one of "rugged individualism," as it was described by President Hoover in his first inaugural address, or is the situation such as it was described by James W. Gerard, former Ambassador to Germany in the following year, when he declared that sixty odd citizens of the United States—chiefly leaders in finance and industry—were the real rulers of America. After reading the facts contained in this volume, one cannot see much of the rugged individualism which President Hoover described, at least not so far as it affects the average citizen, although it must of course be said that America's captains of industry are very rugged individuals indeed. No matter in what direction one looks, whether it be in the realms of oil, iron, steel, coal, railways, telephone, telegraph, steamships, electricity and gas, automobiles, meat, grain, clothing and a host of other articles necessary to daily life, one can see nothing but the subordination of the individual to gigantic machines of production and distribution. Interlocking directorates, mergers, gentlemen's agreements all combine to make the public pay tribute to the handful of men who control the great corporations. The Sherman law, which, as a matter of fact, Senator Sherman had nothing to do with (although he had previously proposed measures to the same effect) has been frequently the subject of decisions by the United States Supreme Court, and on various occasions this or that corporation has been ordered to limit its activities because it was held to be monopolistic in character and in restrains of trade. But these decisions have had little effect. Day by day the processes of centralization have gone on and the average citizen from the time that he wakes in the morning until he lies down to sleep at night finds that he must follow the trends which the great corporations have indicated for him.

The author has made a thorough study of the growth of corporations, giving names and dates of the various mergers, figures showing their profits and generally presenting a clear picture of how thoroughly the average citizen is under the thumb of these great aggregations. Thus we find a man like J. P. Morgan wielding power as Chairman of the United States Steel Corporation, as a member of the Board of Directors of the Pullman Co., International Mercantile Marine, Drexel Co. of Philadelphia, the First Securtiy Co. of New York, of the Etna Insurance Co., etc. The Dupont family wields its power through its own great chemical concern, through General Motors and several banking institutions. The author describes what is meant by vertical, horizontal and circular mergers or trusts. The vertical trust is one where there is a combination of all the various component parts or products which are necessary to manufacture the final product. The Ford Motor Co. is an excellent example of the vertical merger. Ford has brought under the control of one corporation all of the resources and facilities needed in the making of his car from the bottom up. The company controls the raw material in the ground, the coal, ore, lime and sand. It owns the blast furnaces, the glass factories, the rolling mills and fabricating plant where the parts are manufactured and assembled into complete cars that are finally shipped out, often by the same transportation facilities that brought the raw materials in. The horizontal merger is one in which the merged concerns were formerly competitors selling the same type of materials to the same type of customers. The Onyx and Gotham Hosiery Co. merger is an example of this type. The circular merger is a merger of companies producing allied or complementary articles usually but not always composed of those commodities which they sell through the same channels or to the same market.

This book was written before the present "hard times" struck the United States, but the "hard times" in themselves make it all the more important that the general public should study intelligently the conditions which the author of this work describes. It has been abundantly proved that many millions of inhabitants of the United States are dependent for their existence upon the opportunity to sell their labor to these great combinations of industry and when this huge machine of production breaks down these millions are more helpless than the slaves of pre-civil war days, for the negro slaves at least usually were fed by their masters, but such is not the case with the millions of wage-slaves now denied the opportunity of working for their daily bread. G. W. M.

The Funds Which Make the Business Wheels Go Round

The Banker's Place in Commerce, by W. F. Spalding. New York and London: Isaac Pitman and Sons.

Now as never before the public is interested in such a volume as this, for never previously have there been more earnest searchings into the sciences of banking and commerce. First of all: What is a banker? Here is the definition given by the author: A banker is one who through having charge of his customer's money is able to make use of it profitably. In discussing the evolution of trade and banking Mr. Spalding traces the origin of money from the days of Babylon in 700 B. C. up to the present time. He explains the rise of the modern credit system and describes the functions of bills of exchange; in successive chapters he chronicles the rise of the English banking system, the bulwark of which is the Bank of England. The author likens bankers' operations to the working of a great receptacle from which water is pumped for public use. There is a constant stream of money into an immense banking reservoir and an equal flow of funds from it for use in commerce. Bankers assist merchants by over-drafts on current accounts and granting demand loans, time loans and call loans. The English banks still lay much stress on the personal credit of customers. Bills of exchange contribute highly valuable feature of modern commerce. Their function is fully explained by Mr. Spalding. In further chapters the author discusses the restriction of credit facilities, gives examples of practical finance such for instance as advances on cotton, explains the principle of bankers' credits and how they operate; gives details of how the import trade of England is financed and how the London banks assist in its development, etc. The author closes his work by saying that the banker is just as much reliant on the trader as is the trader on the banker and the closer the union of the two the greater will be the extension of trade.

R. P. Mc N.

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*...If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.,

BACK ISSUES WANTED

The Review will pay 50 cents each (big money) for each of the following issues.

Jan. 8,	1927	Vol. 39	No.	6
Mar. 5,	1927	Vol. 40	,,	1
Feb. 7,	1931	Vol. 55	,,	10
Feb. 28,	1931	Vol. 55	,,	13

Mail with statement to

The China Weekly Review

38 Avenue Edward VII
Shanghai

Men and Events

As we understand it, a Chinese bandit is any Chinese who doesn't move fast when a Jap speaks.—*Key West (Fla.) Citizen.*

The *Shanghai Mosquito* is the name of a miniature weekly newspaper edited by "Rosy O. Chang." It is stated to be published by the P. D. Q. Press, 17 The Bund.

P. O. Hanson, connected with the Methodist Mission at Taian, Shantung, departed from Shanghai January 26 on the s.s. *Jefferson* for a six month's holiday in the United States.

Mrs. George J. McCarthy, wife of the assistant traffic-passenger manager of the Dollar Steamship Lines, arrived in Shanghai from San Francisco January 22 on the s.s *President McKinley.*

Miss Mary Hsu, daughter of Dr. George Chien Hsu, former Minister of Justice, and Mrs. Hsu, is giving a pianoforte recital at 59 Gordon Road, Shanghai (corner of Connaught Road) Saturday evening, January 30, at nine o'clock.

Mrs. Charles Fletcher, wife of the officer in charge of the Woosung Harbor Office, an American citizen, was confined to hospital several days this week as a result of injuries received from an alleged assault by five Chinese soldiers near Changwahpang station.

The German and Austrian communities of Tientsin and Peiping have declared a boycott against all theaters under the control of the North China Amusement Co. because they have persisted in showing a film entitled "Hell's Angels," which the Germans consider is of a slanderous character.

J. B. Powell, editor and publisher of the *China Weekly Review*, who has been in Manchuria and North China for the past several months, is due back in Shanghai end of this week. Hallett Abend, New York *Times'* correspondent, and Victor Keen, correspondent of the New York *Herald-Tribune*, have already arrived back in Shanghai from Manchuria.

The Dec. 23 issue of *Foreign Policy Reports* is devoted to a discussion of the basic treaty issues in Manchuria between Japan and China. The author, T. A. Bisson, says that a solution of the Manchurian problem cannot be achieved until responsible civilian leaders come into authority, both in Japan and China, convinced of the necessity of genuine Sino-Japanese cooperation.

Serious damage by fire was done to the premises in the French Concession occupied by Mr. Shigemitsu, Japanese Minister to China, temporarily absent in Japan, by an incendiary January 25. Total destruction was prevented by prompt work of the Fire Brigade. A pistol, an anti-Japanese Association badge and a poster denouncing the Japanese were found outside the house.

Damage to a value of approximately $100,000 was done by a fire which destroyed No. 7 godown belonging to the largest British firm in Shanghai, Jardine Matheson & Co., on the night of January 24. The godown is located across the river at Pootung. The adjoining godown belonging to the same firm was similarily destroyed a month ago. The godown contained large quantities of cotton and beeswax.

Liang Shih-yi, who has held posts in Peking as Premier, Minister of Finance, Minister of Communications, Director-General of Customs and Governor of the Bank of Communications, familiarly referred to as the "God of Wealth" came up from Hongkong (where he has been living in retirement) to Nanking during the week at the invitation of the Government leaders to give his advice on political and financial matters.

Dr. Sherwood Eddy was the guest of honor at a dinner given under the auspices of the National Committee of the Y. M. C. A. of China at the Bankers Club January 25. In the course of an address Dr. Eddy said that if Japan takes Shanghai it will be the best way to tell the world what she is actually doing in China, particularly the Three Eastern provinces. Dr. and Mrs. Eddy sailed for the United States on the Dollar liner *President Jefferson* January 26.

A small gathering of Indian residents and political workers in Nanking met at 12 An Ren Kai, January 26, under the auspices of an organization calling itself the Eastern Oppressed People's Association, to pledge their support to the leaders of the All Indian National Congress for starting civil disobedience. The meeting urged upon the Indian National Congress, the Indian Trade Union and Peasants' Party to work hand in hand with others during the struggle for Indian independence.

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All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

In the United States Court for China

In re.
Last Will & Testament of JAMES BENJAMIN KATZ Deceased

Cause No. 3412
Special Proceedings No. 771
NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of James Benjamin Katz deceased, to present the same with vouchers to the undersigned on or before July 30 1932, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
January 21, 1932.

(Mrs.) Nathan Concoff
75 Nanking Road
Shanghai, China.

Who's Who in China

Li Pu-ching, university professor; born at Chingshan, Hupeh, 1877; received his preliminary modern education at Wuchang Academy where he studied for four years and was a classmate of the late Gen. Huang Hsing, noted revolutionary leader; was sent by the Hupeh Viceroy to Japan where he studied pedagogy in a normal college in Tokyo; upon his return to China, he successively served as principal of Mingteh and Chingcheng Middle Schools in Changsha and at the same time was secretly engaged in revolutionary activities; participated in the First Revolution at Wuchang, 1911; appointed compiler in the Ministry of Education of the Peking Government, but resigned as a protest against Yuan Shih-kai's Monarchial Movement; superintendent of the Wuchang Normal University, Hupeh; commissioner of education for Honan; dean of Wuchang Normal University; now, principal of School of Arts of Honan National University and concurrently professor on education at the same University; author of various books and articles on primary and secondary education; address: Arts School, Honan National University, Kaifeng, Honan.

Li Pu-ching
李步青字廉方

李廉方，一名步青，湖北京山縣人，現年五十三歲，任河南大學文學院長。十九歲入武昌書院，居四年，與黃興等並爲高材生，後由鄂督派赴日本留學，習師範。回國主講長沙明德經正各學堂，密作革命運動。武昌起義前之日知振武文學各革命團體，廉方實參加組織之一人。後討袁護國諸役，並預機要。洪憲帝制將起時，任北京教育部編纂，憤而去職。素喜研究小學教育，自清季以來，力闢管教分離科目分立書本誦習形式過程之非。任河南教育廳長，著有新式國民學校計畫書，其他著作甚多，以中學教育制度之商榷，小學教材之商榷，大學研究室實施計畫，小學國語文學之研究，高小國語文學讀本與教授書，最有價值。

密勒氏評論報
南京分銷處

茲爲便利閱戶起見須電話
通知即派專差送上免勞往返
定價每本小洋四角與申一例

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汪宸記報社
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Flood Relief Commission Issues Report

The National Flood Relief Commission has issued the reports of its audit and finance departments for the period ending December 31, 1931. As it faced its great task the Commission invited public financial support for its efforts, and now desires to account to the public for the funds given. The following is a summary of the report.

For public contributions a total sum of $6,875,456.05 was received. This includes the gift of G.$100,000, equivalent to M.$457,144,35, the gift of the American Red Cross and remitted at once to Hankow, and in addition other sums as stated in the report of the Finance Department bringing the total administered by the Commission to $7,798,092.88 have been received. Among these sums is included special money to be used for clothing, given by the Flood Relief Association for all Provinces amounting to $162,000, and refund from sales of wheat to the Foo Shing Mill amounting to $131,383.36. The statement of the Finance Department as appended gives information of this income. Published lists of donations have appeared in the press from time to time, accounting for the total sum given to December 31, 1931.

The Finance Department in its statement refers only to the total of cash-pay warrants, and sets this amount at M. $7,007,401.24, with an additional $20,000 advance to Hupeh Branch. The Audit Department in its statement gives full details of the disposal of these sums on pay warrants. Statements from both departments have been audited by Mr, Pan Shui-lun, Chartered Accountant, acting under the direction of the Audit Committees under the chairmanship of Mr. Chang Chin-ngau of the Bank of China.

Details of Expenditure

In the Audit Department Accounts from September 10 to December 31, 1931, sums varying from $800 to Chekiang province to $857,690 to Hupeh province were disbursed by the Field Operations Department, according to the seriousness of the flood. These monies were used by local committees, with supervision from direct representatives from the National Flood Relief Commission, for immediate relief. In fact they represent expenditure on the refugee camps and all that they entailed in life saving in early days of inundation and evacuation for thousands of homeless.

Necessary also in early days was expenditure of some money for aeroplane surveys, so that the extent of the floods might be known and effort expended in the right direction. Again so that final activities might be pointed up in scientific work, the Commission invited the University of Nanking to undertake an intensive study and allocated $10,000 for the purpose. The results of this study have been published recently in the press. The study is of excellent calibre, and while its results indicate paralysing figures, such groups as the China International Famine Relief Commission, which is proposing Rehabilitation work in Anhwei, are finding it invaluable.

A second large expenditure section concerns itself with purchases of various materials needed for relief work—flour, for example, and nearly a million dollars for cloth and clothing.

Wheat Expenditure

Yet another heavy expenditure item has been incurred in connection with American wheat. Though the wheat itself is on credit, for which future imposition of surtaxes on the Customs will pay, all the immediate expenses including freight, to the amount of G.$300,613.84 up to December 31 have had to be met by the Commission. Some of this funds from voluntary gifts, now being accounted for, have paid, including M. $553,195 for freight. Other monies from other sources have had to be used to meet the additional freight and additional expenses.

An imprest fund in the amount of $250,000 is in the hands of the Director-General, Sir John Hope Simpson. All expenditures are made upon requisition giving details of amount and objects, after initialling by the Director-General. The imprest fund may not be renewed from the Finance Committee until receipts covering former payments are in routine fashion returned to the Audit Department and have been audited by that Department.

Borrowing for Freights

During December the Commission found itself in

difficulties in respect of meeting payments on shipping documents which, with almost daily arriving ships, came thick and fast. A loan was accordingly contracted with the Hongkong & Shanghai Bank secured against the 10 per cent. Customs surtax which was imposed by the government to cover flood relief operations. It will be remembered that this surtax had to be imposed in view of the inability experienced in floating the Flood Relief bonds to the extent of $30,000,000 as originally planned. The loan with the Hongkong & Shanghai Bank was for £140,000 which was converted into gold dollars amounting to G.$471,200. The report as to the account in the Central Bank indicates that the bulk of this loan has been expended in releasing shipping documents.

At the end of December, the Customs surtax was found to have yielded only approximately $900,000, short by over $2,000,000 of the amounts required by the Commission. January, also, found the Commission still needing to find methods to meet its obligations. The 10 per cent. surtax is now being paid into the Hongkong & Shanghai Bank to repay the loan, which it is hoped will be wiped off gradually, month by month.

But for financing of January operations a new source of income has had to be found. The Finance Committee, under the Chairmanship of Percy Chu, therefore approached the Sinking Fund Committee, asking for advance from the Sinking fund set aside for $30,000,000 bonds not taken up. In this month, $1,500,000 is being made available, and during February, $1,700,000 will be similarly at the disposal of the Commission. After March it is expected that the freights will decrease, it is hoped that and when the operations can be financed from the receipts of the 10 per cent. surtax.

Harbin Taken Over By Gen. Ting Chao

General Ting Chao, commander of the railway guards of the Chinese Eastern Railway occupied Fuchiatien, the Chinese quarter of Harbin, Jan. 26, after some fighting in which there were many casualties. The troops actually were under command of General Feng, an officer under General Chang Tso-hsiang, former Governor of Kirin. Harbin was in a state of panic. Shops were all securely closed for fear of looting and the tramways stopped running. Two regiments of recently recruited troops who were supposed to defend the city mutinied.

The situation eased a little after the withdrawal of Gen Ting's men and some shops re-opened later in the day, but the public transportation services were not resumed.

General Ting apparently caused this action to be taken on learning that arrangements had been made over his head between the local Chinese warlords that General Hsi Hsia, who recently assumed command of Kirin under the Japanese, should take over control of Harbin and the surrounding district.

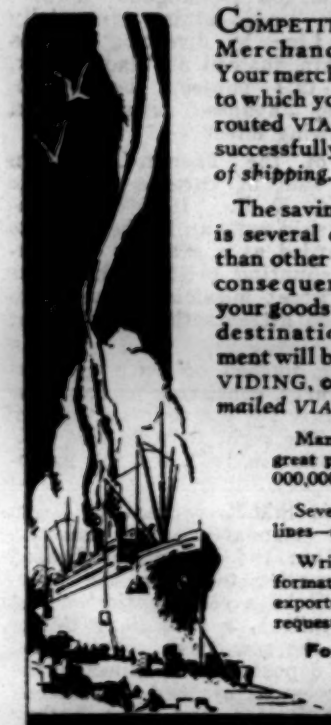
Explosion on Ammunition Lighters---36 Chinese Killed

Under circumstances which have not been ascertained two lighters containing gunpowder, cordite, and other explosives, which were beirg towed by a launch from an ammunition dump across the Whangpoo to the Arsenal south of Shanghai on the afternoon of January 25, blew up in one tremendous blast, shattering the bodies of 36 Chinese on board and demolishing the superstructure of the British steamer *St. George*, anchored some distance away. Mangled parts of the Chinese bodies were blown on board the steamer. The blast shook every building in Shanghai and shattered many windows. The explosion occurred at a time when the answer to the Japanese ultimatum was pending, and the first reports, which proved to be false, were that the Japanese had sent a shell over the Chinese City with a view to intimidating the Chinese into giving a prompt reply.

Sheng Z. Wang Appointed S.-N. R. Locomotive Superintendent

Sheng Z. Wang has been appointed locomotive superintendent of the Shanghai-Nanking railway and the Shanghai-Hangchow-Ningpo railway. Mr. Wang is 41 years of age and a native of Shanghai. After graduating in railway engineering at Nanyang College in Shanghai he proceeded to Glasgow University where he obtained the degree of Bachelor of Engineering in 1914. After seeing much railway service in Britain he returned to China and has in the meantime served on various railways, has been a delegate abroad on railway matters on several occasions, and lately has been professor of mechanical engineering at Chiaotung University (his *alma mater*).

HOLD DOWN
Your Cost of Shipping



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Branch at 105 Broadway
Open all Night

IS THE "OPEN DOOR" PRINCIPLE MENACED?

(*Continued from page 269*)

Taonan-Tsitsihar line. A glance over the map of Manchuria will show that the Taonan-Changchun Line would run exactly parallel to the main line of the Chinese Eastern and would, with the Kirin-Changchun-Kwanei Railway, serve one purpose—under-mining financially the Soviet controlled C. E. Line, by diverting cargoes to the Japanese port of Seishin, instead of Vladivostock, as now. Commenting on this subject the *Dairen Shimbun*, one of the leading Japanese newspapers in Manchuria wrote to the following effect:—

> "The construction of the Taonan-Changchun Line aims at the diversion of cargoes from the southern section of the C. E. R. It is our intention to compete with the said railway in the districts of Anda and Talai, regarded as a granary of Manchuria, with a view to shunting produce shipments to Changchun. It is a great mission, entrusted to the S.M.R. Co:, and which attracts the attention of the entire nation."

And the matter is being pushed on with greatest possible dispatch; a survey party, consisting of Japanese and Chinese experts left recently for the country through which the line is to be laid. The right to build this railway was secured by the Japanese in 1931, but has meanwhile been in abeyance.

As the thaw sets in the S.M.R. intends to begin the construction of another standard gauge railway, this time from Pitzwo (within the Kwantung Leased Territory) to Antung, a frontier town on the Sino-Korean border. This line will be a continuation of the Chingchow-Pitzwo Line (63 miles), a subsidiary to the S.M.R., and will pass along the sea coast. The region being rich in salt and soda deposits it is expected the line will serve for the enhancement of these industries. Inasmuch as it will connect Dairen and Port Arthur with the Korean railway system, the line will have immense strategic importance, giving greater facilities towards throwing armies from and to the Leased Territory. Realizing this, the Chinese have always opposed the construction of this railway. "Inasmuch as all obstacles to the building of the line between Dairen and Antung are now removed," writes the *Dairen Shimbun*, "the S.M.R. and the Office of Kwantung Governor-General are working out the plan of laying down this railway with no further delay."

Manchuria and Korea to Be Linked Up

The linking up of South Manchuria to Korea is not limited to this railway project, either. A trunk line is planned from Gensan, a Korean port on the Sea of Japan, to Fusan, another port just opposite Shimonoseki. It is to be noted that Gensan is not far from the new port of Seishin, now under hurried construction, and that it is already linked up with Seoul by a standard gauge railway. The new Gensan-Fusan railroad will be laid across the entire Korean peninsula and, inasmuch as it will pass through a mountainous country, it will take several years before it can be completed. Once built, it will enable through traffic from Fusan to Gensan, thence to Kwanei and Kirin via the line that is to be built this summer.

There are two more plans for building railroads from the Kirin-Kwanei Line towards the Chinese Eastern, but the aforesaid is quite enough to give a general picture of the Japanese railway policy in Manchuria. And we believe this extensive activity is intended for the Japanese benefit primarily, towards the tightening of their grip upon the country. To the oft asked question—Is the "Open Door" principle menaced?—there can be only one answer that the door is being closed, for the construction of Japanese railways means encouragement for their industry and trade alone. Although the principle may remain in force on paper, and foreign capital may be invited to invest in the country, it is sure that Manchurian railways will be giving preferential freight rates to Japanese traders, thus putting them in a most advantageous position in regard to competition with foreign and Chinese interests. As one knows, there is no international treaty which would bind rail and ocean freights, this being regarded as a matter of internal policy of each state, so the preferential railway tariffs of Manchurian railways for Japanese is a matter of course so that no doubt about it can be entertained.

As traders, in an open field, the Japanese are poor competitors; to prosper in commerce they need the assistance of state agencies, mostly in the form of customs and freight preferences; without these facilities they are sure to be beaten in an honest commercial competition. And the Government knows this inborn quality of Japanese merchants and, when opening up Manchuria for Japanese capital, it can not go without giving customs and freight advantages to its subjects. Because of this foreign capital and foreign business will be gradually moved out, rendering the "Open Door" principle a dead sound. That is why the American Government has tried to uphold this principle once more, but seemingly in vain.

Mukden, January 26, 1932.

Textile Manufacture in Manchuria

By U. S. Trade Commissioner John J. Ehrhardt, Shanghai
(In "Commerce Reports")

TEXTILE manufacture with power machinery began in Manchuria about 1923 and at present the country has approximately 144,000 spindles and 754 looms. The largest textile plant in the county is the Liaoning cotton mill, erected in 1923 at Mukden by the Mukden government. This plant recently installed 10,000 new spindles, which brings the total to 30,816, and in addition the mill has 250 looms. The company is capitalized at 3,600,000 Mexican dollars whereas the net value of its plant and holdings is estimated at approximately 7,000,000 dollars.

During 1929 the mill's production reached a value of 4,700,000 Mexican dollars, which is reported to have netted a profit of 1,000,000 dollars, but during 1930 the company lost about 200,000 dollars owing to the drop in prices of textile commodities and the economic slump in Manchuria. (Mexican dollar—$0.4215 in 1929 and $0.30 in 1930 at average exchange.) The mill has been spinning counts up to 15s, but with the new equipment counts up to 32s will be attempted. The mill weaves coarse grades of sheetings and drills. Practically all machinery in the plant (including carding, drawing, spinning, reeling, banding, spooling, warping, slashing, dyeing, weaving, finishing, and packing equipment) is of American manufacture. The mill also has five hosiery machines and its own power plant of 1,000 kilowatts.

Other Cotton Mills in Manchuria—Cotton Imports

The leading privately owned Chinese power-driven cotton-weaving mill, located in Mukden, has 300 looms, mostly of Japanese makes, and recently installed 50 locally made looms. The mill is reported to be weaving three grades of drills. In addition to the Liaoning Cotton Mill, there are three cotton spinning mills, with a total of 114,528 spindles and an investment equivalent to about $4,000,000 (United States currency), owned by Japanese interests and located in territory under Japanese administration—the South Manchuria railway zone and the Kwantung Leased Territory. At Mukden and Newchwang there are more than 100 establishments, each operating 10 to 50 hand looms and employing 30 to 200 workers. In most of the towns, spinning and weaving still are carried on in the homes, a typical establishment having three hand spinning wheels and one hand loom by means of which the requirements of several families are supplied.

Manchuria produces a short-staple cotton suitable for spinning low-count yarns but imports Indian and American cotton for higher counts. Net imports of raw cotton into Manchuria in 1930 totaled 220,000 piculs, or about 58,000 bales of 500 pounds each, of which about one-fifth was native cotton from China proper. In addition, imports of cotton yarn amounted to 144,300 piculs (9,600 short tons), of which 83 per cent came from China proper.

Silk, Wool, and Knitting Mills

In addition to the Liaoning Cotton Mills, the Chium Silk Filature & Weaving Co. is a Government establishment which has 400 Cornell-type pedal machines for silk reeling and 150 looms, including 20 Jacquard looms. Antung is an important center of tussah silk reeling and in 1929 had 39 establishments which produced 1,330,000 pounds of tussah silk and 765,000 pounds of waste silk.

A Chinese-owned woolen mill with power-driven equipment at Harbin in 1929 reported a production of 114,000 yards of cloth and 87,000 blankets, with a total value of about $855,000, United States currency. A Japanese-owned woolen mill in Mukden is consuming the coarse native Mongolian wool of which ample quantities are available. The 1931 schedule of the mill contemplated the production of 200,000 pounds of yarn and 850,000 yards of cloth and, in addition, some blankets and rugs.

The knitting industry in Manchuria confines its production to hosiery, there being 10 small establishments with hand-operated machines at Newchwang and a few isolated units in other towns. The Liaoning Cotton Mill, which as previously stated has five power knitting machines, produced only 9,500 dozen pairs of hosiery in 1929.

Plants in Japanese Territory—Industry's Future Prospects.

In the Japanese-controlled Kwantung Leased Area and South Manchuria Railway Zone there are 14 other miscellaneous spinning and weaving plants, representing a capital investment of 11,280,000 yen. ($5,640,000 United States currency), which produce a wide assortment of textile products. The principal items are gunny sacks, woolen yarn and cloth, linen and silk thread, silk gauze and silk fabrics, and absorbent cotton.

Considering that the textile industries of Manchuria were first organized on a commercial basis within the past decade, there has been remarkable growth. Most of the plants are still small and use principally hand-operated machines, but there is ample reason to believe that numerous large power-driven mills will be built in the early future. Present conditions, however, are unfavorable to immediate growth. Despite the development of local textile manufacture, import of textiles into Manchuria were valued at $50,600,000 (United States currency) in 1929 and at $28,600,000, in 1930.

Japanese Demand Closure of Peiping "Leader"

The Japanese Charge d'Affaires, Mr. Yano, called on Marshal Chang Hsueh-liang at Peiping, January 23 and expressed strong indignation over an editorial regarding Korea which appeared in that morning's issue of the *Leader*. Mr. Yano demanded the permanent closing of the paper, the arrest of Bing-hsueh Lee, who wrote the editorial in question, and an apology. The Peiping *Leader* has in the past two years been the only English-language daily published in Peiping.

England's Principal Prison Is Scene of Serious Outbreak

England's principal prison, Dartmoor, situated near Portland, was the scene of an outbreak unparalleled in English history on January 24, when 300 out of 500 of the prisoners rose in mutiny after breakfast. They used their dishes of porridge as the first weapons of offense, reinforced later with clubs and a few firearms. In the ensuing melee the whole central portion of the prison was burned down. The Portland police assisted in quelling the mutiny, but not before a total of 86 persons were injured, 20 of whom required treatment in hospital. The outbreak is described in the British telegrams as being comparable to that which occurred at Auburn (New York) in 1929.

Latest New York Stock Exchange Quotations

Market Irregular. Business Done 800,000 Shares
January 27

1931-1932 High	Low	Div.$ perSh.	STOCKS	Mon. Jan. 25	Tues. Jan. 26
23½	3¼	—	Adams Express	4⅜	5
182¾	63⅛	*6.00	Allied Chemical & Dye	69¼	70⅞
42¾	10⅛	1.00	Allis Chalmers	12¼	Mutl.
129¾	55⅝	*4.00	American Can	60⅞	61¼
51¾	6⅜	—	American & Foreign Power	7⅜	7⅜
31½	3⅜	—	American & For. Power W.	Mutl.	Mutl.
58½	13⅝	.50	American Smelting	15	15¼
201¾	109¼	9.00	American Tel. & Tel.	116⅝	117⅞
132¾	65½	*5.00	American Tobacco "B"	78	78¾
80¾	22	3.00	American Waterworks	Mutl.	28⅛
43¼	9	—	Anaconda Copper	10	10⅛
87⅞	13⅛	—	Baltimore & Ohio	19⅜	19½
70⅝	16⅞	2.00	Bethlehem Steel	19⅛	19¼
76⅛	33⅞	*3.00	Borden Company	36¾	36¾
30¾	9	1.00	Borg Warner	10¼	10⅜
45⅝	11	1.25	Canadian Pacific Railway	15¼	15½
131½	32⅜	—	Case J. I.	38⅜	37¾
54⅛	14¼	3.00	Chesapeake Corp	18⅞	19
25¾	11¾	1.00	Chrysler	13⅛	13⅜
20¾	5⅛	.30	Cities Service, Co.	6	6
45⅝	12	5% S	Columbia Gas & Electric	13	13¼
12	3⅛	.30	Commonwealth & Southern	4⅛	4¼
2¾	⅜	—	" " warr.	9/16	9/16
109⅝	56⅜	4.00	Consolidated Gas. of N. Y.	60	60⅝
12	5	—	Continental Oil	6⅛	6
86⅝	36¼	*3.00	Corn Products	40	41¾
5⅞	1	—	Curtiss Wright Co.	1½	1⅝
78¾	42¾	4.00	Drug Incorporated	52¼	52¼
107	48⅜	4.00	Du Pont de Nemours	51¼	51⅝
185¾	73⅞	5.00	Eastman Kodak	83	84¼
61	9	6% S	Electric Bond & Share	11½	11⅝
38⅜	2½	—	Fox Film "A"	4	4
54¾	22⅛	1.60	General Electric	21	21½
56	29	3.00	General Foods	34½	34½
48	19⅝	3.00	General Motors	21⅜	21¼
84⅛	20½	5.00	General Railway Signal	25½	25½
38¾	9¼	—	Gillette	12	12
42½	15	2.50	Gold Dust	16⅞	17
20⅞	3½	—	Goodrich Rubber	4⅜	4¼
52¾	13¾	1.00	Goodyear Tire & Rubber	15⅝	15¾
22⅝	5⅜	.50	Granby	7⅛	Mutl.
62½	15	3.00	International Cement	Mutl.	17¼
4	½	—	International Combu. Eng.	1	1⅛
60½	22¼	2.50	International Harvester	24½	25¼
20⅛	7⅛	.20	International Nickel	8	8¼
38¾	7	.60	International Tel. & Tel.	9⅝	9⅝
80¾	15¾	3.00	Johns Manville	19⅝	19¾
31½	9⅝	.50	Kennecott	10¾	11⅛
27¾	4¼	1.61	Kreuger & Toll	8⅜	8⅞
91⅝	40	4.00	Liggett & Myers, "B"	55½	55⅞
63½	24⅛	*3.00	Loew's: Inc	27⅜	28
21⅞	10	1.20	Lorillard P. Co. (com.)	14	14⅛
19	3	—	Ludlum Steel	4½	4½
29¼	6¾	—	Montgomery Ward	8½	8¾
40⅞	14¼	2.00	Nash Motors	17¼	17¾
14¾	5	.40	Nevada Consolidated Co.	5½	5¼
132¼	25⅝	—	New York Central	'33	32½
11	2½	—	North American Aviation	Mutl.	3½
54⅞	29⅝	2.00	Pacific Gas & Electric	33½	34
11⅞	3⅞	.40	Packard Motors	4¾	4⅞
50¼	6	10%S	Paramount—Publix Corp	9⅞	10
64	16⅞	2.00	Pennsylvania Railroad	22¼	22⅜
8½	1¾	.40	Pennroad Corporation	3½	3⅝
16⅝	4¼	—	Phillips Petroleum	4⅝	4¾
96	50¼	3.40	Public Service of N. Jersey	52⅝	53⅜
27½	4	—	Radio Corporation	7¼	7½
24½	¾	—	Radio-Keith Orpheum	5½	5⅝
54½	32⅝	3.00	Reynolds Tobacco "B"	38⅛	38¾
63¼	30	2.50	Sears Roebuck	32⅛	33
10¼	2⅞	—	Shell Union	3⅜	3⅛
23⅜	6⅞	—	Simmons Company	8⅜	8½
26½	8¾	1.00	Socony-Vacuum Corp.	9⅞	9¾
54½	38⅝	2.00	Southern California Edison	30¾	31¼
88¾	25⅝	3.50	Standard Gas & Electric	Mutl.	29
53½	26⅛	*1.00	Standard Oil of N. Jersey	26½	27
26¼	10½	2.00	Texas Corporation	11¾	11⅞
55¾	19⅝	3.00	Texas Gulf Sulphur	22¾	23
18	2⅛	—	Trans America	3⅛	3⅛
72	23⅝	2.60	Union Carbide & Carbon	30⅝	31
205⅛	67	10.00	Union Pacific Railway	78⅛	78¼
38⅞	10	—	United Aircraft & Transp't	13⅝	13¾
31¼	7⅞	.75	United Corporation	9	9¼
37½	16	1.20	United Gas Improvement	18⅝	18¾
20⅜	2⅞	—	U.S. Rubber	4½	Mutl.
152⅜	36¼	4.00	U.S. Steel	42½	41¾
76¾	11¾	—	Vanadium	14⅛	14
20⅜	2¼	—	Warner Bros. Pictures	3⅛	3¼
107¾	20¼	2.50	Westinghouse E. & M.	25⅞	26
72⅝	36¾	2.40	Woolworth	41¾	43⅞
			*plus extras	Call Money	2½% 2½%

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Exchange Circular for the week ending Wednesday, 20th January, 1932.

This week has seen a slight recession in prices of silver and exchange rates. Strong rumours were heard that America was contemplating the abandonment of the Gold Standard, which at one time led to very heavy selling of Gold Dollars, but these rumours have been categoriacally denied since and rates subsequently declined. A more encouraging sentiment regarding the Lausanne Reparations Conference was indicated which led to better stock markets in London and New York, but trade conditions do not appear to justify any marked improvement at present, and now it appears the conference may be postponed, and prices have since fallen back. Political and financial affairs in China are in a low, almost chaotic condition. These are no signs of a settlement of the Sino-Japanese dispute in Manchuria.

The London/New York Cross rate has moved from 3.40⅞ to 3.45⅞.

The Japan Cross rates has improved from 35.90 to 37.25.

Silver:—Opened on the 14th inst. at 19 3/16d. spot and 19⅛d. forward, and U.S.$ 0.29⅜ and closes today at 19 1/16d, 19 1/16d, and U.S. $ 0.29⅛.

Continental demand was met by American sales. China has both bought and sold. Generally poor support, markets quiet.

Exchange:—The official T/T rate on London on the 14th inst was 1/11d: lowered on the 16th inst. to 1/10 15/16d: on the 18th to 1/10 15/16d. and subsequently 1/10 15/16d.

Our Stocks of Silver are reported as follows:—

Sycee and Bar Silver ... ... Tls. 61,781,000 an increase of Tls. 1,523,000
Chinese and Mexican Dollars $ 192,700,000 an increase of $ 310,000
Estimated value Tls. 200,526,000 as against Tls. 219,164 000 held at this time last year

†	Average rates for Dec.	Thursday Jan. 14	Friday Jan. 15	Saturday Jan. 16	Monday Jan. 18	Tuesday Jan. 19	Wed. Jan. 20
Bank's selling rates		*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*
T/Ton l.ondon	1/11 065	1/11	1/11	1/10 7/8	1/10 1/2 1/10 1/4	1/10 1/4	1/10 1/4
D/Dfts ,,	—	1/11	1/11	1/10 7/8	1/10 1/2 1/10 1/4	1/10 1/4	1/10 1/4
4 m/s ,,	—	1/11 7/16	1/11 1/16	1/10 15/16	1/10 29/32 1/10 29/32	1/10 29/32	1/10 29/32
T/T on India	127,010	126 3/4	126 1/2	126	123 1/2 122 1/2	122 1/2	122 1/2
T/T on France	825,920	833	848	847	830 821	819	819
T/T on N.Y.	32,310	32 1/2	33	33 1/8	32 3/8 32 1/8	32 1/8	32
T/Ton Demand		32 1/2	33	33 1/8	32 3/8 32 1/8	32 1/8	32
T/T on Hamburg R. M.		137 1/2	140	140	137 1/2 136	136 1/2	135 1/2
T/T on H'kong	75.840	76 1/4	75 3/4	75 7/8	75 15/16 75 15/16	76 1/16	76 1/8
T/T on Japan	138 440	111 nom.	112 nom.	114 nom	115 1/2 nom.	114 1/2 nom	116 1/2
T/T on Batavia	80.200	81	81	82 1/2	117	7	nom.
T/T on Straits	122.140	122	122	123	81 1/2 80 1/2 124 1/2 126	126	79 1/2 126
Ck's buying rates							
4 m/s B/L. Cred.&D/A	2/0.430						
4m/s B/L D/P	877.560						
6m/s ,, B/L Cred&D/A	—						
4 m/s B/F Cred D/A or D/P							
4m/s N.Y.Lc.	34.197						
4m/s ,, Docs.	—						

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling,	Jan. 14	Jan. 15	Jan. 16	Jan. 18	Jan. 19	Jan. 20
Bullion,						
*London Price of Bar Silver per oz. (English Standard 925 touch) Pence	19 1/16	19 1/16	19 3/8	19 1/16	18 15/16	19 1/16
**New York Price of Bar Silver per oz. (Pure)	G.$ 29 7/8	G.$.30 3/8	G.$.30 1/4	G.$.29 7/8	G.$.29 1/2	G.$ 29 1/2
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch)	Tls. 678.00	Tls. 667.80	Tls. 678.00	Tls. 692.70	Tls. 690.80	Tls. 685.20
Shanghai Silver Bars (weight Tls. 100 (Canton) 999 touch) ....Nominal	Tls. 112.80	Tls. 112.80	Tls. 112.80	Tls. 112.80	Tls. 112.80	Tls. 112.80
ShanghaiMexicanDollars per $100	Tls. 71.9	Tls. 71.6 1/4	Tls. 71 5/8	Tls. 71.6	Tls. 71 6 1/4	Tls. 71.6625
Native Bank Rate of Interest (Call money)	3%	1%		2%	2%	1%
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	6%	London on Paris	T/T 87.80
Bank of France rate of discount	2½%	New York on London	T/T 345½
London open of Market rate of Dis.	3m/s 5 1/16%	Bombay on London	T/T 1/6 9/32
,, ,,	4 ,, 5⅛	Hongkong on London	T/T 1/5⅛
,, ,,	6 ,, 5¼	Kobe on London	T/T 2/1 5/8

FEARON, MAITLAND and SHAW

The National City Co. Gold Bond Quotations Received From Head Office

January 21, 1932.

SECURITY	RATE & DATE DUE	Price	Approx Yield%
The National City Bank of New York	Stock	51¼	—
Argentine Government	6 % May 1, 1960	52½	11.88
U. S. of Brazil	6½% Oct. 15, 1957	22⅞	—
Canadian National Railway Co...	5 % Oct. 1, 1969	82	6.24
Chile Government.. ..	6 % Sep. 1, 1961	14¼	—
Republic of Finland ..	6½% Sep. 1, 1956	60	—
Finnish Gtd. Municipalities "A"	6½% Oct. 1, 1954	50	—
German Central Bank for Agriculture	6 % Apr. 15, 1938	41	—
German Central Bank for Agriculture	6 % Oct. 15, 1960	40¼	—
German General Electric (A.E.G.)	6 % May 1, 1948	37¼	—
Ilseder Steel Corp. ..	6 % Aug. 1,. 1948	28	—
Kingdom of Italy	7 % Dec. 1, 1951	87	8.35
Lautaro Nitrate Co., Ltd...	6 % July 1, 1954	13	—
City of Milan	6½% Apr. 1, 1952	70	10.00
State of Minas Geraes Series "A"	6½% Sep. 1, 1959	16	—
Republic of Peru	6 % Oct. 1, 1961	6⅞	—
Rhine Westphalia Electric Power Corp. ..	6 % Apr. 1, 1955	38½	—
State of Sao Paulo (Brazil)	7 % Oct. 1, 1940	60	—
Saxon Public Works ..	6½% May 1, 1951	24⅞	—
American I.G. Chemical Corporation..	5½% May 1, 1949	69½	9.00
Chicago, Milwaukee, St. Paul & Pacific ..	5 % Jan. 1, 2000	10¼	—
Chile Copper Co. . ..	5 % Jan. 1, 1947	54	11.30
Goodyear Tire & Rubber	5 % May 1, 1957	75½	7.09
International Match Corporation..	5 % Jan. 15, 1941	62	12.03
The Mead Corp. w.w. ..	6 % May 1, 1945	50	—
National Steel Corp. ..	5 % Apr. 1, 1956	74	7.31
Japanese Government..	6½% Feb. 1, 1954	83½	8.12
Japanese Government..	5½% May 1, 1965	73½	7.72

QUOTATIONS RECEIVED FROM LONDON OFFICE

Republic of China Gold Loan	5 %	1925	58	—
Chinese Govt. Re-org. (£) Loan Stamped ..	5 %	1913/60	57½	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 %	1913/60	55½	—
Chinese Government (Crisp Loan)	5 %	1912	37	—
Shanghai-NankingRailway..	5 %	1904/08	39	—
Shanghai - Hangchow-Ningpo Railway ..	5 %	1908/38	63½	—
Hukuang Railway.. ..	5 %	1911/1951	17	—
Tientsin-PukowRailway	5 %	1908/09	15	—

NOTE: The above quotations are received by cable and whilst believed to be correct are not guaranteed.

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What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs Pieces; Mille—thousands;

PRESIDENT COOLIDGE, November 26.

(Agents: Robert Dollar Co.)

From U. S. of America.

Apples, Fresh	*Pls.*	34
Grapes, Fresh	,,	74
Oranges, Fresh	,,	18
Pitch	,,	107
Cigarettes	*Mille*	300

SALLY MAERSK, November 26.

(Agents: Melchers & Co)

From U. S. of America.

Iron and Steel, Galvanized:		
Wire Shorts	*Pls.*	1,181
Milk Sugar	,,	168
Newspapers, Old	,,	2,100
Paper, Document	,,	90
,, Writing	,,	32
Ink, Printing	,,	175
Tobacco, Leaf	,,	1,099
Wax, Paraffin	,,	673
Motor-cars, Parts of	*G. Units*	6,152

PRESIDENT LINCOLN, Nov. 27.

(Agents: Robert Dollar Co.)

Ftom U. S. of America.

Oil, Lubricating, Mineral	*Galls.*	1,324

DIANA DOLLAR, November 27.

(Agents: Robert Dollar Co.)

From U. S. of America.

Fish, Salt	*Pls.*	2,700
Flour, Wheat	,,	570
Timber:		
Laths	*Pcs.*	100,000
Softwood:		
Ordinary, Sawn	*Sup. ft.*	952,179
Merchantable	,,	330,951

GERTRUDE MAERSK, Nov. 27.

(Agents: Melchers & Co.)

To U. S. of America.

Silk, Raw, Steam Filature:		
White, Shanghai	*Bls.* 30 *Pls.*	19.63
Silk, Raw, Reeled from Doupions:		
Shanghai	*Bls.* 10 *Pls.*	9.59
Tea, Black, other kinds,		
Kiukiang	,,	51
Tea, Green:		
Gunpowder, Ningpo	,,	124
YoungHyson, Hangchow	,,	6
Bristles, Assorted	,,	77
Feathers, Duck	,,	148
,, Goose	,,	69
Hair, Human	,,	148
Hides, Buffalo	,,	354
Rhubarb	,,	101
Wool, Sheep's	,,	561
Hats, Rush	*Pcs.*	80,400

IXION, November 30.

(Agents: Butterfield & Swire.)

From U. S. of America.

Paper, Common, Newsprint	*Pls.*	13,321
Timber:		
Laths	*Pcs*	346,600
Softwood:		
Clear	*Sup. ft.*	61,942
Merchantable	,,	67,201
Ordinary, Sawn	,,	595,682

BIKAWA MARU, November 30.

(Agents: Nippon Yusen Kaisha.)

From U. S. of America.

Copper Ingots	*Pls.*	840
Wheat	,,	7,875

JAVANESE PRINCE Nov. 30.

(Agents: Furness (Far East), Lt.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 400 *Pls.*	1,488
Copper Ingots	,,	1,008
Iron and Steel, Galvanized:		
Wire Shorts	,,	1,086
Iron and Steel, Ungalvanized:		
Bars	*Pls.*	415
Screws	,,	20
Sheets	,,	84
Tinned Plates, Plain	,,	579
,, ,, Stripes	,,	761
Borax, Crude or Refined.	,,	840
Cuttle-fish, Dried	,,	33
Starch	,,	907
Tobacco, Leaf	,,	7,398
Oil, Lubricating, Mineral	,,	6,488
Rubber Tires, Pneumatic:		
For Motor-cars	*Pcs.*	330

GRANVILLE, December 1.

(Agents: O. Thoresen & Co.)

From U. S. of America.

Cotton, Raw	*Bls.* 800 *Pls.*	2,244
Flour, Wheat	,,	40 968
Grease	,,	58
Milk, Condensed	,,	397
Sulphur, Crude	,,	336
Oil, Lubricating, Mineral	*Galls.*	67,768
Paints, Unclassed	,,	274
Timber:		
Laths	*Pcs.*	500,000
Softwood:		
Merchantable	*Sup. ft.*	67,993
Ordinary, Sawn	,,	928,864

PRESIDENT MADISON, Dec. 1.

(Agents: Robert Dollar Co.)

From U. S. of America

Copper Ingots	*Pls.*	2,180
Apples, Fresh	,,	1,264
Herrings, Salt	,,	24
Flour, Wheat	,,	2,226
Hams	,,	5
Milk, Condensed	,,	360
Onions, Fresh	,,	38
Paper, Common Printing	,,	5,909
Motor-cars	*Pcs.*	14
Machinery, & Parts of	*G. Units*	39,180

ELDENA, December 1.

(Agents: Lloyd Everett, Incorporated)

From U. S. of America.

Asphalt	*Pls.*	2,731
Grease	,,	600
Oil, Lubricating, Mineral	*Galls.*	95,905
,, Kerosene, in Case	,,	250,250

NEW YORK, December 2.

(Agents: States S. S. Co.)

From U. S. of America.

Wheat	*Pls.*	29,505

PRESIDENT JEFFERSON, December 2.

(Agents: Robert Dollar Co.)

From U. S. of America.

Silk, Raw, Steam Filature:		
White, Shanghai	*Bls.* 80 *P's.*	78.23
Silk, Raw, Reeled from Doupions:		
Shanghai	*Bls.* 10 *Pls.*	9.52
Silk, Waste:		
Shanghai	*Bls.* 46 ,,	145.37
Tea, Green:		
YoungHyson, Hangchow	,,	22
Gunpowder, Ningpo	,,	341
Tea, Black, other kinds,		
Hankow etc.	,,	129
Hair, Human	,,	181
Skins, Lamb, Untanned	*Pcs.*	6,111
,, Weasel,	,,	4,000

FERNGLEN, December 3.

(Agents: O. Thoresen & Co.)

From U. S. of America.

Cotton, Raw	*Bls.* 3,250 *Pls.*	11,134
Iron and Steel, Galvanized:		
Sheets, Plain	,,	2,426
Carbon Black	,,	141

MUNCASTER CASTLE, Dec. 3.

(Agents: Dodwell & Co)

From U. S. of America.

Motor-cars	*Pcs.*	24
Cotton, Raw	*Bls.* 700 *Pls.*	1,832
Iron and Steel, Ungalvanized:		
Tinned Plates, Stripes	,,	50
Old or Scrap	,,	138
Tobacco, Leaf	,,	7,161

SILVERPALM, December 3.

Agents: Glen Line Eastern Agencies, Ltd.

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 5,422 *Pls.*	19,277
Iron and Steel, Galvanized:		
Wire Shorts	*Pls.*	506
Iron and Steel, Ungalvanized:		
Hoops	*Pls.*	1,388
Newspapers, Old	,,	840
Resin	,,	921
Petrolatum	,,	938
Sulphur Black	,,	96
,, others	,,	169
Tobacco, Leaf	,,	12,778
Dyes, Aniline	*Pkgs.* 20 *G. Units*	1,562

LOSSIE BANK, December 4.

(Agents: Lacey & Cannan, Ltd.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 400 *Pls.*	1,508
Iron and Steel, Galvanized:		
Wire Shorts	,,	450
Chlorine, Liquid	,,	207

FELIX ROUSSEL, December 4.

Agents: Cie des Messageries Maritimes.

From U. S. of America.

Motor-cars	*Pcs.*	2

ATREUS, December 7.

(Agents: Butterfield & Swire.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 6,075 *Pls.*	22,616

SACRAMENTO VALLEY Dec 7.

(Agents: States S. S. Co.)

Cotton, Raw:		
American	*Bls.* 12,278 *Pls.*	36,176

YOJIN MARU, December 8.

(Agents: Daido Kaiun K. K.)

From U. S. of America.

Timber, Softwood:		
Ordinary, Sawn	*Sup. ft.*	160,457

PRESIDENT HARRISON, December 8.

(Agents: Robert Dollar Co)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 700 *Pls.*	1,858
Aluminium Sheets	,,	251
Bronze Powder	,,	4
Canned Asparagus	,,	30
,, Fruits	,,	27
Fruits, Dried	,,	82
,, Fresh	,,	87
Grease, Lubricating, Mineral	,,	59
Glucose	,,	111
Leather, Unclassed	,,	16
Milk, Condensed	,,	170
Oil, Coconut	,,	29
Petrolatum	,,	146
Paper, Printing	,,	220
Newspapers, Old	,,	2,220
Raisins	,,	56
Shrimps, Dried	,,	276
Wax, Paraffin	,,	415
Oil, Lubricating, Mineral	*Galls.*	22,157
Lemons, Fresh	*Pcs.*	19,500
Motor-cars, Carts of	,,	6
Rubber Inner Tubes:		
For Motor-cars	,,	470
Dyes, Aniline	*Pkgs.* 5 *G. Units*	709
Machinery, & Parts of	,,	59,422

CITY OF ELWOOD, Dec. 8.

(Agents: American Pioneer Line.)

To U. S. of America.

Tea, Black, other kinds,		
Shanghai	*Pls.*	7
Tea, Green:		
Gunpowder, Ningpo	,,	188
Young Hyson, Hangchow	,,	171
Hyson, Hangchow	,,	23
Bristles, Assorted	,,	200
Oil, Wood	,,	915
Wool, Sheep's	,,	1,020

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The China Weekly Review

No. 38 Avenue Edward VII

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